

**THE PUBLIC BUILDING AUTHORITY
OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE
Knoxville, Tennessee**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
June 30, 2017 and 2016**

**PREPARED BY:
FINANCE DEPARTMENT**

**ROBYN SMITH, CPA
DIRECTOR OF FINANCE**

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

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INTRODUCTORY SECTION



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Jayne Burritt, Administrator/CEO

Board of Directors

George Prosser, Chair
Scott Davis, Vice Chair
Keena Strickland, Secretary
Lewis Cosby, Treasurer

Heather Anderson
Winston Frazier
Jennifer Holder
Chuck Severance
Billy J. Stokes
John Sibley
Hubert Smith

October 27, 2017

Board of Directors of
The Public Building Authority of the County
of Knox and City of Knoxville, Tennessee
Knoxville, Tennessee

State law and the Comptroller of the Treasury, State of Tennessee, requires that every political subdivision of municipal corporation publish within six months of the close of each fiscal year-end, a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) is published to fulfill these requirements for the fiscal years ended June 30, 2017 and 2016.

Internal Controls

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

The Comprehensive Annual Financial Report

The CAFR is presented in four sections: Introductory, Financial, Statistical and Internal Control and Compliance. The Introductory Section includes this Letter of Transmittal, a Roster of Officials and Others, and our Organizational Chart. The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Notes to Financial Statements, and Supplementary Information. The Statistical Section provides selected unaudited financial information.

Independent Audit

Mauldin & Jenkins, LLC has issued an unmodified ("clean") opinion on PBA's financial statements for the fiscal years ended June 30, 2017 and 2016. As stated in the independent auditor's report, the audit was conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A)

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of MD&A. The Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. PBA's MD&A can be found immediately following the Independent Auditor's Report.

Profile of The PBA

The Public Building Authority of the County of Knox and the City of Knoxville, Tennessee (PBA) is a joint venture between the County of Knox (The County) and the City of Knoxville (The City) and was created under the authority of the State of Tennessee, Tennessee Code Annotated (TCA), Sections 12-10-101 to 12-10-124. The PBA was incorporated on August 6, 1971. Under various agreements, the PBA manages and operates certain public buildings that house the governments of the City, the County, and certain other related governmental organizations. Public parking facilities are also included under this PBA umbrella of management. These activities include security, custodial, maintenance, and grounds services and are coordinated within the Property Management Department.

The PBA develops public properties for the City and the County at their direction. These activities include construction management as the owner's representative and are coordinated within the Property Development Department.

Additionally, the PBA provides management and maintenance for telecommunications systems and services of the City, County, and Board of Education.

The PBA is considered a political subdivision or municipal corporation of the State of Tennessee. The PBA is a special purpose financial reporting entity and has no component units. It is governed by an eleven member Board of Directors (the Board), of which six are appointed by the County and five by the City, for six-year terms. The Board hires an Administrator/CEO who is responsible for the management of the PBA.

Budgeting

Following review by the Board, budgets are submitted annually to the City and County and other related governmental clients for approval. Budgets are separated between the operating activities of Property Management, Property Development, and Telecommunication Services mirroring the delineation in operating agreements with the City and the County. Further, within Property Management, budgets are prepared on a property-by-property basis in compliance with the associated operating agreements.

Each budget is fully costed, containing both the direct and indirect costs of providing services. An operating reserve has been funded, at an amount agreed upon with each client as appropriate, within each budget through the end of fiscal year 2018.

Local Economy

Knox County is the third most populated county in the State of Tennessee. The City of Knoxville is the County seat. Knoxville is located on the Tennessee River near the geographic center of East Tennessee. Because of its central location in the eastern United States, the Knoxville area serves thousands of industrial and commercial customers in a concentrated eight-state area. It is within 500 miles of approximately one-half of the population of the United States. The County for many years has been known as one of the South's leading wholesale markets. Located within the County are 1,022 wholesale establishments, 1,315 retail establishments, and 6,176 service establishments.

Tourism also plays a vital role in the economic development of the area. Knox County is the principal Gateway to the Great Smoky Mountains National Park, located 40 miles to the southeast. There are over 500,000 acres that make up the nation's most visited National Park, extending over the States of Tennessee and North Carolina. Around 11.3 million people visited the National Park in 2016, a 5.6% increase over 2015.

The presence of the University of Tennessee and the Tennessee Valley Authority in Knoxville lends stability to the area, making the local economy less cyclical than either the national or state economy. This contributes to a low unemployment rate, which was 3.7 % in Knox County at July 31, 2017. This compares favorably to the national unemployment rate of 4.6% and the state rate of 4.1%.

The overall economic health of the Knoxville/Knox County area continues to improve. The City of Knoxville serves as the economic hub of the entire upper East Tennessee area, and its trade sector is one of the strongest in the state. Knox County has the fifth highest per capita sales tax rate in the state, at roughly 202.96% of the state average. In fiscal years 2017 and 2016, respectively, sales tax collections on a countywide basis were \$822,338,022 and \$807,865,045. This represents an increase of 2%.

Long-Term Financial Planning

The PBA's costs are covered by fees charged to the City and County and certain other rated governmental organizations for management and development of public properties. Both the City and the County have long-term capital plans allocating significant resources totaling \$21,700,963 and \$14,636,235 respectively in which PBA is involved.

Projects	Total Budget	FY 2018 *	FY 2019 to FY 2022
<u>City Projects:</u>			
City ADA Improvements	\$ 900,000	\$ 900,000	0
City County Building Development Services – City Portion	600,000	600,000	0
City County Building Fitness Center – City Portion	43,337	43,337	0
Demo by Neglect – 2 houses	40,000	40,000	0
Knoxville Convention & Exhibition Center	2,100,000	2,100,000	0
Public Works Complex – Phase III	650,000	650,000	0
Public Works Complex – Phase IV	1,000,000	1,000,000	0
Transit Center Deck Repairs	129,626	129,626	0
Solid Waste Transfer Center	148,000	148,000	0
State Street Archway Art Renovations	15,000	15,000	0
State Street Garage Additions (2 ½ decks)	9,000,000	3,000,000	6,000,000
Suttree Landing Boathouse & Pavilion	1,550,000	775,000	775,000
Volunteer Landing Master Plan	25,000	25,000	0
World's Fair Park Amphitheater & Sunsphere	2,500,000	1,500,000	1,000,000
World's Fair Park Performance Lawn & Stage	3,000,000	1,500,000	1,500,000
Total City Projects	21,700,963	12,425,963	9,275,000
<u>County Projects:</u>			
ADA Remediation – Powell High School	49,000	49,000	0
City County Building – Court Clerk Desk Renovations	75,000	75,000	0
City County Building – Criminal Court Holding	253,000	253,000	0
City County Building Fitness Center – County Portion	107,663	107,663	0
City County Building Development Services - MPC	400,000	400,000	0
Health Department Fitness Center	63,500	63,500	0
Knox County Programming	12,000,000	6,000,000	6,000,000
Knox-Blount Greenway (TDOT)	1,451,000	1,000,000	451,000
Old Courthouse Exterior Repairs	237,072	237,072	0
Total County Projects	14,636,235	8,185,235	6,451,000
Total All Projects	\$ 36,337,198	\$ 20,611,198	\$ 15,726,000

*FY 2018 allocations may include amounts from prior years.

As projects are completed and opened for public use, the PBA often assumes the role of property manager. Senior centers are good examples where PBA transitions from development manager to property manager as the capital projects are completed and put in service.

Major Initiatives

The focus for the next year will be rebuilding our project portfolio and improving infrastructure for our security cameras and phone system. PBA began working on these initiatives last year, but have decided to allocate more time and energy to them for the upcoming year.

The PBA Property Development department has worked diligently to assist our clients with future project needs. The work has paid off with an increase in projects for both of our clients. Some of these projects will span multiple years, but the underlying goal is to help our clients plan a sustainable community. The size of the project does not impact the attention to detail given on a case by case basis. The rebirth of this department has helped us get back to one of the fundamental reason that PBA was created – to acquire, design and construct public buildings.

Our growth is not just in the Property Development area. We continue to take on the management of more properties for our clients. With this growth, we now must take a hard look at our technology infrastructure. We are bringing more security cameras online, so we are looking at upgrading cameras and the networking to bring those cameras online for monitoring. In addition to networking, we will continue with Phase II of our Voice Over Internet Protocol (VOIP). Phase II of this project will provide a uniform phone which will enhance services mobility and reduce annual operating costs. The VOIP project will take place in three phases.

The PBA continues to acknowledge that history and traditions are the backbone of any organization. It is our overall goal to tackle these major initiatives while providing consistent leadership and encouraging our employees to celebrate the changes while promoting our organization.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the PBA for its comprehensive annual financial report for the fiscal years ended June 30, 2016 and 2015. This was the thirteenth consecutive year that the PBA has received this prestigious award. In order to be awarded a Certificate of Achievement, an organization must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

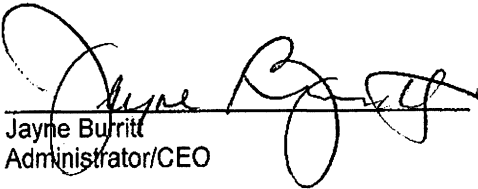
The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this CAFR results from the combined efforts of the staff of the Finance Department. Those involved have our sincere appreciation for the individual and collective contributions made in preparation of the report. Thank you very much for your professional dedication.

Recognition and appreciation are also extended to the Board for its continued guidance of the operations of the PBA in a financially responsible and progressive manner.

Respectfully submitted,



Jayne Burritt
Administrator/CEO



Robyn Smith, CPA
Director of Finance



Government Finance Officers Association

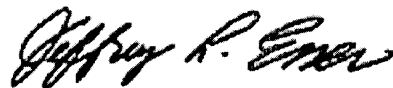
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Public Building Authority
of the County of Knox and the City
of Knoxville, Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

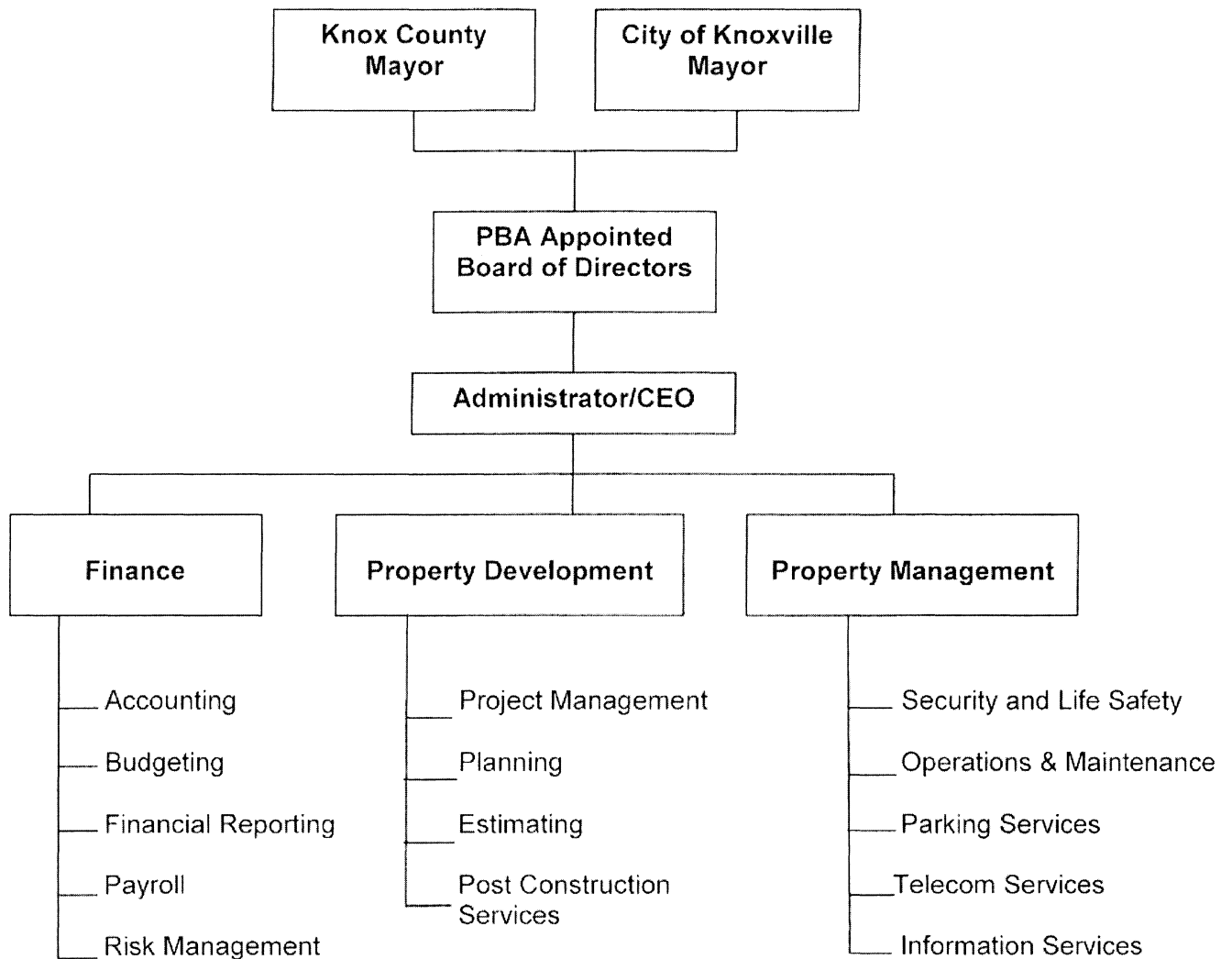
June 30, 2016



Executive Director/CEO

The Public Building Authority of the County of Knox and the City of Knoxville, Tennessee

Organizational Chart June 30, 2017



**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

ROSTER OF OFFICIALS AND OTHERS

June 30, 2017

Board of Directors	Expiration of Term
George T. Prosser, Chair	2017 (Sept)
Scott Davis, Vice-Chair	2019 (Sept)
Keena Strickland, Secretary	2021 (Sept)
Lewis Cosby, Treasurer	2017 (Sept)
Billy J. Stokes, Executive Committee	2019 (Sept)
Winston Frazier	2019 (Sept)
Heather Anderson	2021 (Sept)
Chuck Severance	2021 (Sept)
Jennifer Holder	2021 (Sept)
John Sibley	2017 (Sept)
Hubert Smith	2017 (Sept)

Management

Jayne Burritt, Administrator/CEO

Robyn Smith, Director of Finance

Kristin Grove, Director of Property Development

David Lively, Director of Facilities Operations and Engineering

Independent Auditor

Mauldin & Jenkins
Certified Public Accountants
Chattanooga, Tennessee

Legal Counsel

W. Morris Kizer
Gentry, Tipton & McLemore, P.C.
Knoxville, Tennessee

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors of
The Public Building Authority of the County
of Knox and the City of Knoxville, Tennessee
Knoxville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Public Building Authority of the County of Knox and the City of Knoxville, Tennessee ("PBA"), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the PBA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the PBA as of June 30, 2017 and 2016, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the PBA's basic financial statements. The supplementary information (schedule of net position by activity, schedule of revenues, expenses, and changes in net position by activity, and schedule of revenues, expenses, and changes in net position – budget to actual by activity), introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information (schedule of net position by activity, schedule of revenues, expenses, and changes in net position by activity, and schedule of revenues, expenses, and changes in net position – budget to actual by activity) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information (schedule of net position by activity, schedule of revenues, expenses, and changes in net position by activity, and schedule of revenues, expenses, and changes in net position – budget to actual by activity) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2017 on our consideration of the PBA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PBA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PBA's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
October 26, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of the PBA's financial condition and results of operations for the years ending June 30, 2017, 2016 and 2015. This information should be read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The following are key financial highlights:

- Total assets at June 30, 2017, 2016 and 2015 were \$12,353,346, \$15,879,618, and \$15,804,046, and exceeded liabilities (net position) by \$8,999,126, \$11,226,581, and \$11,244,650 respectively. Of the total net position, \$3,556,461, \$3,238,721, and \$3,269,503 was unrestricted and was available to support short-term operations for the years ending June 30, 2017, 2016 and 2015, respectively.
- Operating revenues were \$16,363,612, \$15,155,459, and \$14,281,017 for the years ending June 30, 2017, 2016 and 2015, representing an increase of 7.97%, 6.12%, and 0.23% from prior years.
- During 2017 there was a decrease of \$2,545,195 in net position investment in capital assets and an increase in unrestricted net position of \$317,740 which combined for the overall decrease in net position of \$(2,227,455).
- Operating expenses before depreciation increased by \$1,541,712 and increased by \$822,043 during 2017 and 2016, representing an 11.47% increase and 6.51% increase from 2016 and 2015.
- Operating income for 2017 was \$648,644 representing an increase of \$56,444 from 2016. The change in net position, before capital contributions and deductions, decreased by \$(2,060,848) when compared to 2016.
- The ratios of operating income to total operating revenues were 4.0% for 2017, 3.9% for 2016 and (3.5)% for 2015.
- Capital asset replacement reserve contributions were \$1,150,000 for 2017, \$1,298,538 for 2016 and \$1,632,738 for 2015.
- Capital contributions returned were \$1,789,698 for 2017, \$1,868,586 for 2016 and \$1,704,579 for 2015, a decrease of \$78,888 and an increase of \$164,007 when compared to 2016 and 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's review and analysis of PBA's financial condition and performance. Summary financial statement data, key financial and operational indicators used in PBA's budget, and other management tools were used for this analysis.

The financial statements report information about the PBA using full accrual accounting methods as utilized by similar business-type activities in the private sector.

The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements. The statement of net position presents the financial position of the PBA on a full accrual basis of accounting. While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the PBA's recovery of its costs.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or the depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the PBA's accounting policies, contracts, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Supplementary information includes a schedule of net position and schedule of revenues, expenses and changes in net position by projects. Also, included is a separate schedule of revenues, expenses and changes in net position – budget to actual by project.

SUMMARY OF ORGANIZATION AND BUSINESS

The PBA is a joint venture between the County of Knox and the City of Knoxville, Tennessee and was created under the authority of the State of Tennessee, Tennessee Code Annotated (TCA), Sections 12-10-101 to 12-10-124. The PBA was incorporated on August 16, 1971. PBA began operations through an operating agreement signed by Knox County and the City of Knoxville on July 1, 1975. The purpose of the PBA is to "acquire, design, construct, operate, and manage public buildings and facilities."

The PBA is governed by 11 Board of Directors (the Board) of which six are appointed by the County and five by the City. Board members serve a six year term. The Board hires an Administrator/Chief Executive Officer (CEO) who is responsible for the management of the PBA.

The PBA's capital assets consist of building improvements, site improvements, machinery and equipment, office equipment and vehicles.

The PBA has no taxing authority. The PBA's revenues are derived from rental income, management fees, net parking revenues, and miscellaneous charges. Rental income and management fees are annually negotiated with the County and City and certain other related governmental organizations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS

The following comparative condensed financial statements and other selected information provides key financial data and indicators for management, monitoring, and planning.

Condensed Statements of Net Position
(In Thousands of Dollars)
June 30, 2017 and 2016 and 2015

	2017	2016	2015
ASSETS			
Current Assets	\$ 6,911	\$ 7,892	\$ 7,829
Net Capital Assets	<u>5,443</u>	<u>7,988</u>	<u>7,975</u>
TOTAL ASSETS	<u>\$ 12,354</u>	<u>\$ 15,880</u>	<u>\$ 15,804</u>
LIABILITIES			
Current Liabilities	\$ 3,173	\$ 4,448	\$ 4,339
Non-Current Liabilities	<u>182</u>	<u>205</u>	<u>220</u>
TOTAL LIABILITIES	<u>3,355</u>	<u>4,653</u>	<u>4,559</u>
NET POSITION			
Investment in Capital Assets	5,443	7,988	7,975
Unrestricted	<u>3,556</u>	<u>3,239</u>	<u>3,270</u>
Total Net Position	<u>8,999</u>	<u>11,227</u>	<u>11,245</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 12,354</u>	<u>\$ 15,880</u>	<u>\$ 15,804</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed Statements of Revenues, Expenses,
and Changes in Net Position
(In Thousands of Dollars) For the Fiscal Years Ended June 30, 2017 and 2016 and 2015

	2017	2016	2015
Operating Revenues			
Rentals – Net	\$ 4,558	\$ 4,580	\$ 4,456
Management Fees	8,009	7,492	6,902
Parking	3,796	3,083	2,923
Total Operating Revenues	<u>16,363</u>	<u>15,155</u>	<u>14,281</u>
Operating Expenses			
Salaries and Benefits	7,729	6,477	6,594
Office	141	146	106
Education and Training	6	13	22
Purchased Services and Supplies	1,541	1,577	1,288
Operating Contracts	2,058	1,905	1,696
Utilities	2,232	2,134	2,008
Communications	148	112	88
Insurance	311	310	308
Professional Fees	70	252	92
Depreciation	728	1,118	2,152
Maintenance Facility	129	107	86
Other	622	412	336
Total Operating Expenses	<u>15,715</u>	<u>14,563</u>	<u>14,776</u>
Operating Income (Loss)	<u>648</u>	<u>592</u>	<u>(495)</u>
Non-Operating Revenues (Expenses)			
Interest Income	28	22	28
Bank Charges	(89)	(62)	(59)
Capital Contributions Returned	(1,790)	(1,869)	(1,705)
Total Non-Operating Revenues (Expenses) – Net	<u>(1,851)</u>	<u>(1,909)</u>	<u>(1,756)</u>
Increase (Decrease) in Net Position Before Capital Contributions and Extraordinary Item	<u>(1,203)</u>	<u>(1,317)</u>	<u>(2,251)</u>

(Continued)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

	2017	2016	2015
Capital Contributions			
Capital Contributions	1,150	1,299	1,633
Extraordinary Gain			
Transfer of Capital Assets	(2,175)	0	0
Increase (Decrease) in Net Position	(2,228)	(18)	(618)
Net Position, Beginning of Year	11,227	11,245	11,863
Net Position, End of Year	\$ 8,999	\$ 11,227	\$ 11,245

OTHER SELECTED INFORMATION

	2017	2016	2015
Space (in Square Feet) Under Management	1,606,971	1,561,411	1,511,496
Number of Parking Spaces Under Management	6,770	6,785	6,626
Parks – Number of Acres Under Management	32	32	32
Employees at Year-End:			
Facilities Management	65	67	44
Safety and Security	59	53	47
Property Development	5	4	4
Telecommunications	10	11	12
Administrative	8	7	9
Total	147	142	116

	2017	2016	2015
Average Number of Employees	150	119	120
Per Average Employee:			
Operating Revenues	\$ 109,091	\$ 127,356	\$ 119,008
Operating Expenses	\$ 104,766	\$ 122,380	\$ 123,132
Ratio of Operating Revenues to:			
Operating Expenses	104%	104%	97%
Operating Expenses – Net of Depreciation	109%	113%	113%
Total Assets	121%	95%	90%
Net Position	182%	135%	127%

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL CONDITION

The PBA's financial condition remained strong at year-end with adequate liquid assets and a reasonable level of unrestricted net position. The current financial condition, staff capabilities, operating plans and upgrade plans to meet future City and County requirements are well balanced and under control.

Net position increased (decreased) by \$(2,227,455), \$(18,069), and \$(618,422) for the years ending June 30, 2017, 2016 and 2015, respectively. At the request of our clients (City of Knoxville and Knox County), we returned City and County assets at the beginning of fiscal year 2017. Prior year decreases are the result of shortening the life of assets due to a change in policy.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

RESULTS OF OPERATIONS

Capital Contributions (Deductions)

The PBA collects operating and capital asset replacement reserve contributions from the County and City for future capital asset improvements and replacements. Capital contributions are annually budgeted with the County and City.

Operating and capital asset replacement reserve contributions were \$1,150,000 and \$1,298,538 for 2017 and 2016, respectively. The contributions consist of the following:

<u>June 30, 2017</u>	<u>Capital Reserves</u>
County:	
City County Building	\$ 499,100
Telecommunications	<u>150,000</u>
Total County	649,100
City:	
City County Building	200,900
City Parking Facilities	0
City Parks	0
KAT Facilities	300,000
Telecommunications	<u>0</u>
Total City	<u>500,900</u>
Others	<u>0</u>
Total	\$ <u><u>1,150,000</u></u>
 <u>June 30, 2016</u>	 <u>Capital Reserves</u>
County:	
City County Building	\$ <u>499,100</u>
City:	
City County Building	200,900
City Parking Facilities	130,000
City Parks	468,538
KAT Facilities	0
Telecommunications	<u>0</u>
Total City	<u>799,438</u>
Others	<u>0</u>
Total	\$ <u><u>1,298,538</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

RESULTS OF OPERATIONS (Continued)

Capital Contributions (Deductions) (Continued)

Reserves returned to the City and County during 2017 totaled \$1,761,154 and represented a refund of operating results above the calculated desired reserve. Additionally, operating reserves of \$2,988 were refunded to the Emergency Communications District, \$6,319 to the Development Corporation Board, \$10,621 to Knox County Schools, and \$8,616 to the Industrial Development Board, also representing operating reserves above the calculated needed reserve.

Reserves returned to the City and County during 2016 totaled \$1,829,891 and represented a refund of operating results above the calculated desired reserve. Additionally, operating reserves of \$9,702 were refunded to the Emergency Communications District, \$1,961 to the Development Corporation Board, \$27,032 to Knox County Schools, also representing operating reserves above the calculated needed reserve.

Operating Expenses

Operating expenses during 2017, 2016, and 2015 increased/(decreased) by \$1,151,709, (\$212,608), and \$1,920,667 or 7.9%, (1.4%), and 14.9%, respectively. This was a result of major increases (decreases) such as:

	2017	2016	2015
Salaries and Benefits	\$ 1,252,248	\$ (116,867)	\$ 587,748
Purchased Services and Supplies	(36,815)	289,290	136,870
Operating Contracts	152,312	209,473	20,356
Utilities	97,925	126,605	(92,843)
Other - Net	(313,961)	(721,109)	1,268,536
Total	\$ <u>1,151,709</u>	\$ <u>(212,608)</u>	\$ <u>1,920,667</u>

Depreciation expense was \$727,718, \$1,117,721, and \$2,152,372 in 2017, 2016 and 2015, respectively.

Capital Assets

During 2017, 2016, and 2015, PBA (decreased)/increased its producing capital assets cost by (\$4,602,679), \$1,265,451, and \$3,051,088 respectively. These (decreases)/increases consist of the following:

	2017	2016	2015
Site Improvements	\$ (1,134,007)	\$ 506,592	\$ 0
Building Improvements	(2,981,130)	475,047	2,583,291
Machinery and Equipment	(428,015)	141,196	392,875
Data Processing Equipment and Software	(59,527)	77,027	0
Vehicles	0	65,589	74,922
Total	\$ <u>(4,602,679)</u>	\$ <u>1,265,451</u>	\$ <u>3,051,088</u>

The PBA's capital asset activity for 2017 and 2016 is described in Note 6 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ECONOMIC FACTORS AND NEXT FISCAL YEAR

- There is a 2.0% salary increase budgeted for FY 2018.
- Insurance expense is expected to increase slightly.
- There is a 10.8% and 9.7% projected increase in operating expense budgets related to the City and County, respectively.
- City property budgets increased due to the addition of managing the new Public Works Complex and expanding on street parking enforcement downtown and on Cumberland Avenue.
- FY 2018 Budget is summarized as follows:

Revenues	\$	18,605,712
Expenses		<u>17,708,924</u>
Change in Net Position	\$	<u>896,788</u>

FINAL COMMENTS

The PBA is committed to providing the County and City cost effective and efficient public property development and management. The PBA is constantly examining its work practices to find more efficient and productive property development and management.

CONTACTING THE PBA

This financial report is designed to provide our customers, creditors and regulatory agencies with a general overview of the PBA's finances. If you have any questions about this report or need additional information, you may contact the PBA at:

Robyn Smith, CPA
PBA Director of Finance
Andrew Johnson Building, Suite 710
912 South Gay Street
Knoxville, TN 37902
865-215-4630

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF NET POSITION

June 30, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,537,193	\$ 5,124,722
Receivables:		
Other Receivables	65,151	47,870
Due from City and County	1,189,256	2,574,586
Due from Other Governmental Agencies	5,190	47,293
Inventory	12,250	12,235
Prepaid Items	<u>101,641</u>	<u>85,052</u>
Total Current Assets	<u>6,910,681</u>	<u>7,891,758</u>
CAPITAL ASSETS		
Property and Equipment	11,780,256	16,382,935
Less: Accumulated Depreciation	(6,438,607)	(8,514,576)
Land	101,016	101,016
Construction in Progress	<u>0</u>	<u>18,485</u>
Net Capital Assets	<u>5,442,665</u>	<u>7,987,860</u>
TOTAL ASSETS	\$ <u>12,353,346</u>	\$ <u>15,879,618</u>

(Continued)

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF NET POSITION

June 30, 2017 and 2016

LIABILITIES AND NET POSITION

	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 1,941,489	\$ 3,068,515
Due to City and County	888,209	1,050,312
Due to Other Governmental Agencies	28,544	38,695
Unearned Revenues	2,625	0
Customer Deposits	12,214	18,719
Compensated Absences Payable, Current Portion	<u>299,510</u>	<u>271,771</u>
Total Current Liabilities	<u>3,172,591</u>	<u>4,448,012</u>
NON-CURRENT LIABILITIES		
Compensated Absences Payable	<u>181,629</u>	<u>205,025</u>
Total Non-Current Liabilities	<u>181,629</u>	<u>205,025</u>
Total Liabilities	<u>3,354,220</u>	<u>4,653,037</u>
NET POSITION		
Investment in capital assets	5,442,665	7,987,860
Unrestricted	<u>3,556,461</u>	<u>3,238,721</u>
Total Net Position	<u>8,999,126</u>	<u>11,226,581</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>12,353,346</u></u>	\$ <u><u>15,879,618</u></u>

The accompanying notes are an integral part of these financial statements

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Fiscal Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Rental Income from City and County	\$ 4,328,993	\$ 4,327,759
Management Fees from City and County	7,697,552	7,177,821
Management Fees from Other Governmental Agencies	312,006	313,766
Other Rental Income - Net	229,219	252,697
Parking Revenues	<u>3,795,842</u>	<u>3,083,416</u>
Total Operating Revenues	<u>16,363,612</u>	<u>15,155,459</u>
OPERATING EXPENSES		
Salaries and Benefits	7,728,965	6,476,717
Office	141,114	146,403
Education and Training	6,306	13,360
Purchased Services and Supplies	1,540,417	1,577,232
Operating Contracts	2,057,739	1,905,427
Utilities	2,232,055	2,134,130
Communications	148,030	111,963
Insurance	310,951	309,888
Professional Fees	69,992	251,921
Depreciation	727,718	1,117,721
Maintenance Facility	129,310	106,568
Other	<u>622,371</u>	<u>411,929</u>
Total Operating Expenses	<u>15,714,968</u>	<u>14,563,259</u>
OPERATING INCOME	\$ <u>648,644</u>	\$ <u>592,200</u>

(Continued)

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Fiscal Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	\$ 28,043	\$ 21,844
Bank Charges	(89,499)	(62,065)
Capital Returned to City and County	(1,761,154)	(1,829,891)
Capital Returned to Other Governmental Agencies	<u>(28,544)</u>	<u>(38,695)</u>
Total Non-Operating Revenues (Expenses) - Net	<u>(1,851,154)</u>	<u>(1,908,807)</u>
DECREASE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS AND EXTRAORDINARY ITEM	<u>(1,202,510)</u>	<u>(1,316,607)</u>
CAPITAL CONTRIBUTIONS		
Cash:		
Capital Contributions from the City and County	<u>1,150,000</u>	<u>1,298,538</u>
EXTRAORDINARY ITEM		
Transfer of Capital Assets	<u>(2,174,945)</u>	<u>0</u>
DECREASE IN NET POSITION	(2,227,455)	(18,069)
NET POSITION, BEGINNING OF YEAR	<u>11,226,581</u>	<u>11,244,650</u>
NET POSITION, END OF YEAR	\$ <u>8,999,126</u>	\$ <u>11,226,581</u>

The accompanying notes are an integral part of these financial statements

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from City and County	\$ 13,411,874	\$ 11,644,013
Receipts from Other Governmental Agencies	354,109	335,913
Receipts from Other Customers	4,001,277	3,356,779
Payments to Employees	(7,724,623)	(6,525,171)
Payments to Suppliers	<u>(8,399,290)</u>	<u>(6,702,983)</u>
Net Cash Provided by Operating Activities	<u>1,643,347</u>	<u>2,108,551</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributed by City and County	1,150,000	1,298,538
Capital Returned to City and County	(1,923,257)	(1,948,334)
Capital Returned to Other Governmental Agencies	(38,695)	(35,641)
Capital Asset Additions	<u>(357,468)</u>	<u>(1,130,434)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,169,420)</u>	<u>(1,815,871)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Deposits	28,043	21,844
Bank Charges	<u>(89,499)</u>	<u>(62,065)</u>
Net Cash Provided (Used) by Investing Activities	<u>(61,456)</u>	<u>(40,221)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>412,471</u>	<u>252,459</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,124,722</u>	<u>4,872,263</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>5,537,193</u>	\$ <u>5,124,722</u>

(Continued)

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF CASH FLOWS (Continued)

For the Fiscal Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 648,644	\$ 592,200
Depreciation	727,718	1,117,721
Changes in:		
Accounts Receivable	(17,281)	24,917
Due from City and County	1,385,329	138,433
Due from Other Governmental Agencies	42,103	22,147
Prepaid Items	(16,589)	4,808
Inventory	(15)	(705)
Accounts Payable and Accrued Liabilities	(1,127,025)	261,735
Customer Deposits	(6,504)	(4,251)
Compensated Absences Payable	4,342	(48,454)
Unearned Revenues	<u>2,625</u>	<u>0</u>
Net Cash Provided by Operating Activities	\$ <u>1,643,347</u>	\$ <u>2,108,551</u>

The accompanying notes are an integral part of these financial statements

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 1 - ORGANIZATION

The Public Building Authority of the County of Knox and the City of Knoxville, Tennessee (PBA) was incorporated as a joint venture between the City of Knoxville (the City) and the County of Knox (the County) pursuant to provisions of the Public Building Authority Act, Tennessee Code Annotated (TCA), Sections 12-10-101 to 12-10-124 (the Act). The PBA is considered a political subdivision or municipal corporation, of the State of Tennessee. The PBA is considered to be a special purpose financial reporting entity and has no component units. The PBA has entered into lease transactions with the City and the County for the purchase, construction, refurbishment, maintenance, and operation of certain public building complexes to house the governments of the City and the County and to provide off-street parking facilities in connection with certain projects, as provided by the Act. Additionally, the PBA has entered into certain other operating and property development contracts with the City, County, or other governmental agencies to provide specified services related to projects as discussed in the following notes.

The PBA is governed by 11 Board of Directors (the Board), of which six are appointed by the County and five by the City. Board members serve a six year term.

The Board hires an Administrator/Chief Executive Officer (CEO) who is responsible for the management of PBA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation - The financial statements of the PBA have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. For the year ended June 30, 2013, the PBA implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

All activities of the PBA are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to customers on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The PBA makes a distinction between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with its principal ongoing operations. The principal operating revenues of the PBA are charges to the City, County or other governmental entities for operating, maintaining and developing publicly-owned facilities. Operating expenses consist of salaries, benefits, utilities, and operating contracts for maintenance, insurance and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to the PBA is determined by its measurement focus. The transactions of the PBA are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into investment in capital assets and unrestricted components.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting - The PBA adopts flexible annual operating and capital budgets for each property location or project. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details PBA's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash contributions from the City and County for capital improvements.

The budgets are approved by the Board, and as required by various lease or management contracts, are submitted annually to the City and County for approval.

All unexpended and unencumbered appropriations in the operating budget remaining at the end of the fiscal year lapse. No appropriation for a capital project in the capital budget lapses until the purpose for which the appropriation was made has been accomplished or abandoned.

Management submits proposed budgets to the Board prior to the March meeting. The budgets are adopted by resolution prior to July 1. Transfers within the approved budgets, including use of the capital asset replacement reserves (designated net position), are authorized by the Administrator/CEO and subject to the review of the Board. Any use of an operating reserve is reported to the City or County, as appropriate.

The PBA's direct and indirect costs of providing service are considered operating costs. By agreement with the City and the County, operating reserves for property management activities are being established at 8% of the subsequent year's operating budget. For properties managed, life-cycle based capital asset replacement schedules are prepared and presented to the City and County. For City-owned properties a capital asset replacement reserve is included in the budgets. The County provides for scheduled costs within its Capital Improvement Plan.

The net increase (decrease) in net position is considered unrestricted and, by agreement with the City and County, is designated as part of the operating and capital asset replacement reserves.

Reimbursable Projects - Reimbursable projects primarily consist of various City and County owned capital projects in which the PBA is acting as the City or County's project manager or agent. The construction costs are reimbursed by the City and County and are excluded from PBA's operating revenues, expenses, and net position.

Cash and Cash Equivalents - Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, interest in State Treasurer's Pool, certificates of deposit, daily sweep repurchase accounts, and debt security investments with a maturity at purchase of three months or less.

The carrying amount of cash equivalents and deposits approximates market value.

Receivables and Revenues - Operating revenues consist of net rentals, management fees and net parking revenues.

City and County operating lease revenues are billed on a quarterly basis. Rental revenues for other properties are billed monthly. Rental revenues are recognized as earned over the appropriate time period.

Management fees for various City and County operating and property development contracts are billed quarterly or monthly as determined by the contract. Revenues are recognized as earned over the appropriate time period or construction phase.

Parking revenues are recorded as gross proceeds to reflect the in-house management of parking facilities. Prior year parking revenues were net of third party management fees. Parking revenues are recorded monthly.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables are stated at the amount management expects to collect from outstanding balances. The PBA considers receivables to be fully collectible; accordingly, no allowance for uncollectible receivables is recorded. Receivable balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to operating revenues.

Inventories and Prepaid Items - Inventories consist of telecommunications supplies which are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors for maintenance agreements and insurance premiums reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets - Capital assets are defined by the PBA as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Property, plant and equipment in service and construction in progress are recorded at cost, if purchased or constructed. Under GASB-S72:79, donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at estimated acquisition value. Assets acquired through contributions from the County, City, or other customers are capitalized at their acquisition value, if available, or at engineers' estimated acquisition value or cost to construct at the date of the contribution.

Maintenance and repairs, which do not significantly extend the life or increase the value of property, plant and equipment, are expensed as incurred.

Interest is not capitalized on project costs funded by contributed capital from the City and County. Interest costs of tax-exempt borrowings are capitalized net of related investment earnings on the proceeds. Depreciation is not recorded until the assets are actually put into use.

Capital assets are depreciated on the straight-line method. Depreciation is calculated using the following estimated useful lives:

	<u>Years</u>
Site Improvements	5-20
Buildings and Improvements	7-45
Machinery and Equipment	5-10
Data Processing Equipment and Software	5
Vehicles	5-7

The City County Building (CCB) and Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage (AJ/DKMPG) are not recorded on PBA's statement of net position. These facilities were previously "sold" to the City and County under a direct financing capital lease. According to GAAP, this type of transaction is an "in-substance" sale by the PBA to the City and County. Currently, title to the CCB remains with the PBA; however, since the City and County can exercise an option for the transfer of ownership, the agreements constitute a capitalized lease transaction.

Compensated Absences Payable - Accumulated annual leave eligible to be paid to employees at termination or retirement is recorded as an expense and liability as the benefits are earned by the employee. PBA has assumed a first-in, first-out method of using accumulated compensated time and the related liability has been recorded as a current and long-term liability in the financial statements. Effective July 1, 2013, retiring full time employees may be eligible to receive a payment for unused accumulated sick leave at a rate of \$100 per day of accumulated sick leave up to a maximum of \$10,000. If an employee is terminated, sick leave is forfeited.

Capital Asset Replacement Reserve Contributions - The City and County provide capital asset replacement reserve contributions and are recognized in the statement of revenues, expenses, and changes in net position when earned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position - Net position comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position are classified in the following two components: investment in capital assets and unrestricted net position. Investment in capital assets, consists of all capital assets, net of accumulated depreciation and related outstanding debt. Unrestricted consists of net results of the PBA's operating activities. PBA had designated part of its unrestricted net position for capital replacement, which is described in Note 9.

When both restricted and unrestricted resources are available for use, it is the PBA's policy to use restricted resources first, then unrestricted resources as they are needed.

Reclassifications - Certain amounts presented in the prior year have been reclassified to be consistent with the current year's presentation. The reclassification did not affect the prior year's results of operations.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

NOTE 3 - RENTAL AGREEMENTS WITH THE COUNTY AND CITY

Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage (AJ/DKMPG) - On December 1, 1991, the PBA entered into a capital and operating lease with the County of Knox which expired on June 30, 2011. Thereafter, the lease shall continue from year to year until the governing body of the County shall elect to terminate the contract at the end of a fiscal year. Under the terms of the agreement (as amended on September 1, 1992 and September 1, 1996) the County leased an office building, off-street parking facility, the land and related equipment thereon in return for rentals in amounts necessary to meet the debt-service requirements of the related bond issue, but due to the redemption of the related debt in 2001, the County is no longer required to submit the debt service rentals. According to the original lease agreement, Section 12.8, p.31, upon full payment of the debt, the County, at its option, may direct the PBA to transfer title of the properties to the County. During 2005, the County exercised its option, and requested that the PBA transfer title to the County. Other rental commitments continuing under this lease agreement are equal to the related aggregate of (a) sums equal to the annual estimated expenses for the operation and maintenance of the project as budgeted by the PBA, (b) amounts equal to the unpaid telephone service, (c) sums equal to the annual estimated administrative expenses of the project as budgeted by the PBA, and (d) amounts necessary to pay taxes or assessments levied or made against the PBA as they become due. After the original lease term, the lease shall continue from year to year until the County shall elect to terminate the lease at the end of a fiscal year.

City County Building (CCB) - The PBA constructed and leases the public building complex, the land and the related equipment thereon to the County and City under a 25 year capital and operating lease which expired on June 30, 2001, and is now being extended on an annual basis. According to the original operating agreement between the PBA and the County and City, dated July 1, 1975, Article VIII, in the event of termination of the lease and after all expenses and obligations of the PBA have been met, the City and County shall direct the PBA to whom and in what manner, title to the City County Building is to be transferred and may direct disposition of any excess funds remaining. Rentals committed under the lease agreement are equal to the related aggregate of (a) amounts necessary, together with other available funds of PBA, to pay the annual estimated expenses for the operation and maintenance of the project as budgeted by the PBA, (b) amounts equal to the unpaid telephone service, (c) amounts necessary, together with other available funds of the PBA, to pay the annual estimated administrative expenses of the project as budgeted by the PBA, and (d) amounts sufficient to pay taxes or assessments levied or made against the PBA as they become due. The 2017 and 2016 rents are apportioned 71.3% to the County and 28.7% to the City.

NOTE 4 - OPERATING CONTRACTS

The PBA has entered into various operating contracts with the County and the City as described below:

County Property Development and Operations

The PBA and the County entered into a contract in May 1995 subsequently amended in July 1997 and June 2004, for planning, construction, and property management services for various County owned properties. Under the terms of the contract, the County reimburses the PBA for all direct and indirect costs and expenses incurred related to these services. The PBA is required to submit an annual budget for each project and/or location to the County Mayor and Commission for approval. This contract or any project can be terminated upon 180 days written notice by either party.

The following County owned properties are currently being managed by PBA:

- Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage
- Family Investment Center
- Forensic Center
- Health Department Facilities
- Juvenile Justice Center
- Knox Central
- Old Court House
- Public Defender
- Senior Citizen Centers
- Young Williams AWC

City Operating Contracts

City Parking Facilities - The PBA and the City entered into an operating contract on August 11, 2005, as amended, for management services for the Market Square Parking Garage, the State Street Parking Garage, the Main Avenue Parking Garage, the Promenade Parking Lot, the Jackson Avenue Parking Lot, and the CBID parking lots. Under the terms of the agreement, the City shall reimburse the PBA for all costs and expenses. This contract may be terminated upon 30 days written notice by either party.

Downtown Cinema - The PBA, the City, and the Industrial Development Board of the City of Knoxville for the Downtown Cinema, Inc. (the IDB) entered into a tri-party operating contract on March 28, 2007, for property management services of the Downtown Cinema. Under terms of the contract, the PBA will perform the IDB's repair and maintenance obligations under the terms of their lease with Regal Cinemas. The PBA is required to submit an annual budget to the City and the IDB for approval. The contract will expire June 30, 2020. The contract may be terminated upon 60 days written notice by any party.

Knoxville Area Transit Center/Magnolia Facility - The PBA and the City entered into operating contracts on July 15, 2010 to provide property management, maintenance, landscaping, security and custodial services for the Knoxville Area Transit Center and was amended on July 1, 2011 to add the Knoxville Area Transit Magnolia Facility. Under the terms of the agreement, the City shall reimburse the PBA for all costs and expenses. The contract will expire July 14, 2020. This contract may be terminated upon 180 days written notice by either party.

Knoxville Police Department - The PBA and the City entered into operating contracts on July 19, 2005 to provide access control management for the Knoxville Police Department (KPD) and was amended on January 21, 2011 to add the Moses Training Facility. Under the agreement, the PBA will purchase, install, manage, and maintain an access control system for the KPD and training facility and the City shall reimburse the PBA for all costs and expenses. The contract will expire on June 30, 2020.

Locust Street Parking Garage - The PBA entered into a contract with the City on December 1, 2000 whereby the PBA will design, develop, operate and maintain a parking facility with 645 spaces and related retail space. Under the terms of the agreement, the City shall reimburse the PBA for all costs and expenses. This contract may be terminated upon 30 days written notice by either party.

NOTE 4 - OPERATING CONTRACTS (continued)

City Operating Contracts (continued)

Volunteer Landing Public Park - The PBA entered into a contract with the City on September 7, 2001 to maintain the Volunteer Landing Public Park and related facilities. Under the terms of this contract, the City will reimburse the PBA for all costs and expenses. The contract will expire on June 30, 2019. This contract may be terminated upon 30 days written notice by either party.

World's Fair Park and Second Creek Greenway - The PBA entered into a contract with the City on July 1, 2001 to manage and maintain the World's Fair Park. This contract was amended on July 1, 2008, to add the Second Creek Greenway. Under the terms of the contract the PBA will provide general and scheduling services, property management and road maintenance. The City will reimburse the PBA for all costs and expenses incurred related to this project. The contract will expire on June 30, 2019. This contract may be terminated upon 30 days written notice by either party.

Public Works Complex - The PBA entered into a contract with the City on January 15, 2017. Under the agreement, the PBA will provide property management, building maintenance and custodial services. In this agreement, the City also assigned its agreement with a third- party vendor for cleaning services to PBA. The contract ends on October 27, 2017 and may be renewed at the agreement of PBA and the third- party vendor.

On Street Parking Enforcement - The PBA entered into a contract with the City on June 30, 2016 for management services. Under the terms of this contract, the City will reimburse the PBA for costs and expenses relating to the enforcement of parking violations at the following locations: Gay Street, Cumberland Ave, and the CBID. This contract may be terminated upon 30 days written notice by either party.

City Development Contracts

The PBA and the City entered into a contract in February 2005 for planning and construction services for various City owned properties. Under the terms of the contract, the City reimburses the PBA for all direct and indirect costs and expenses incurred related to these services. The PBA is required to submit a project budget to the City Mayor and Council for approval. This contract (180 days) or any project (30 days) can be terminated upon written notice by either party.

City/County Emergency Communications District (District)

The PBA and the District entered into an operating contract on October 1, 2003 for property management services for the District's communications center. Under the terms of the contract, the District reimburses the PBA for all direct and indirect costs and expenses related to property management. The PBA is required to submit an annual budget to the District's Board of Directors for approval. The contract expired on September 30, 2015 and is still pending.

Fairview Technology Center

The PBA and the Development Corporation of Knox County, Inc. entered into an operating contract on July 1, 2004 for property management services of the Fairview Technology Center. Under terms of the contract, the Development Corporation will reimburse the PBA for all direct and indirect costs related to property management. The PBA is required to submit an annual budget to the Development Corporation's Board of Directors for approval. This contract can be terminated upon 180 days written notice by either party.

City/County Telecommunications

The PBA and the City and County entered into an operating contract on October 30, 2003 for the management of telecommunications services and equipment. Under terms of the contract, the City and County will reimburse the PBA for all direct and indirect costs related to telecommunications. The PBA is required to submit an annual budget to City Council and County Commission for approval. This contract can be terminated upon 90 days written notice by any party.

NOTE 4 - OPERATING CONTRACTS (continued)

City Development Contracts (continued)

Knox County Board of Education Telecommunications

The PBA and the County and Board of Education entered into a tri-party operating contract on December 15, 2003 for the management of telecommunications services and equipment. Under terms of the contract, the County will reimburse the PBA for all direct and indirect costs related to telecommunications. The PBA is required to submit an annual budget to the County for approval. This contract can be terminated upon 180 days written notice by any party.

NOTE 5 - DEPOSITS AND INVESTMENTS

Credit Risk – Deposits - Various state statutes restrict the types of deposits available to the PBA. Deposits are limited to bank demand deposits, certificates of deposits, governmental overnight repurchase accounts, and the State Local Government Investment Pool (SLGIP).

Custodial Credit Risk – Deposits - TCA, Section 9-4-105, requires the PBA to secure deposits by having banks pledge governmental securities as collateral. The state statute requires collateral whose market value is equal to 105% of the deposit, less the amount protected by the Federal Deposit Insurance Corporation (FDIC). In lieu of pledged collateral, the bank may participate in the bank collateral pool as administered by the Tennessee State Treasurer. Banks that participate in the bank collateral pool may use one of three different security pledge levels (90, 100 or 105%) depending on the specific bank holding the deposit. Participating banks determine the aggregate balance of their public fund accounts for the PBA. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency.

Cash and Cash Equivalents - In lieu of a daily sweep overnight repurchase account, the PBA utilizes a special money rate checking account for public funds. All funds, less a required reserve of 10%, automatically earn interest at the rate of Federal Funds plus 30 basis points for 2017 and 20 basis points for 2016. The effective rate of interest on all collected funds was .30% at year-end 2017 and .20% at the year-end 2016. All funds are available on demand.

The PBA's cash and cash equivalents at June 30, 2017 and 2016 are as follows:

	2017	2016
Petty Cash	\$ 2,250	\$ 1,850
Demand Deposits	5,534,943	5,122,872
Total	\$ 5,537,193	\$ 5,124,722

The demand deposits were covered by the state bank collateral pool as described above.

Credit Risk – Investments - Various state statutes restrict the type of investments available to the PBA. Investments are limited to bank certificates of deposits, direct obligations of the State of Tennessee and U.S. Government, Federal Agency securities, Tennessee Municipal bonds and the SLGIP. It is PBA's policy to limit investments in securities issued by United States agencies to the highest rating by two nationally recognized ratings organizations, Standard and Poor's, and Moody's Investor Services.

Custodial Credit Risk – Investments - The PBA's investment policy requires that debt securities be registered in the PBA's name. All safekeeping receipts for investment instruments are held in accounts in the PBA's name and all securities are registered in the PBA's name.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk – Investments - The PBA's investment policy permits 100% of its investment portfolio to be invested in U.S. Government obligations. At no time will the portfolio be comprised of more than 55% of Federal Agency securities. The PBA does not require diversification among authorized investment institutions and considers its approved bank as the approved investment institution.

Interest Rate Risk – Investments - Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the investment until maturity. If the yield of the investment portfolio can be improved by selling an investment prior to maturity, management has the authority to do so.

In accordance with its investment policy, the PBA manages its exposure to declines in fair values by limiting the maturity of individual investments to two years or less.

Investment Income - Investment income, which consists of interest income, was \$28,043 and \$21,844 for 2017 and 2016, respectively. Bank charges are shown separately and were \$89,499 and \$62,065 for 2017 and 2016, respectively.

NOTE 6 - CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2017 was as follows:

	Balances July 1, 2016	Additions	Disposals	Transfers	Balances June 30, 2017
Capital Assets, Not Being Depreciated:					
Land	\$ 101,016	\$	\$	\$	\$ 101,016
Construction in Progress	18,485		(18,485)		0
Subtotal	119,501		(18,485)		101,016
Capital Assets Being Depreciated:					
Site Improvements	1,203,262		(1,134,007)		69,255
Buildings & Improvements	11,687,274	31,618	(3,012,748)		8,706,144
Machinery & Equipment	2,828,708	325,850	(753,865)		2,400,693
Data Processing Equipment & Software	235,666		(59,527)		176,139
Vehicles	428,025				428,025
Subtotal	16,382,935	357,468	(4,978,632)		11,780,256
Less: Accumulated Depreciation:					
Site Improvements	(540,032)	(4,754)	487,436		(57,350)
Building Improvements	(5,509,125)	(439,160)	1,738,402		(4,209,883)
Machinery & Equipment	(2,033,890)	(233,703)	571,920		(1,695,673)
Data Processing Equipment & Software	(158,714)	(8,548)	5,929		(161,333)
Vehicles	(272,815)	(41,553)			(314,368)
Subtotal	(8,514,576)	(727,718)	2,803,687		(6,438,607)
Total Capital Assets Being Depreciated – Net	7,868,359	(370,250)	(2,156,460)		5,341,649
Total Capital Assets - Net	\$ 7,987,860	\$ (370,250)	\$ (2,174,945)	\$	\$ 5,442,665

NOTE 6 - CAPITAL ASSETS (continued)

During the year ended June 30, 2017, the PBA transferred capital assets to the City and County resulting in a net loss of \$2,174,945 which is reported as an extraordinary item in the Statement of Revenues, Expenses, and Changes in Net Position.

Capital asset activity during the year ended June 30, 2016 was as follows:

	Balances July 1, 2015	Additions	Disposals	Transfers	Balances June 30, 2016
Capital Assets, Not Being Depreciated:					
Land	\$ 101,016	\$	\$	\$	\$ 101,016
Construction in Progress	153,502	18,485		(153,502)	18,485
Subtotal	254,518	18,485		(153,502)	119,501
Capital Assets Being Depreciated:					
Site Improvements	696,670	506,592			1,203,262
Buildings & Improvements	11,212,227	475,047			11,687,274
Machinery & Equipment	2,687,512	141,196			2,828,708
Data Processing Equipment & Software	158,639	77,027			235,666
Vehicles	362,436	65,589			428,025
Subtotal	15,117,484	1,265,451			16,382,935
Less: Accumulated Depreciation:					
Site Improvements	(457,132)	(82,900)			(540,032)
Building Improvements	(4,861,845)	(647,280)			(5,509,125)
Machinery & Equipment	(1,712,227)	(321,663)			(2,033,890)
Data Processing Equipment & Software	(139,369)	(19,345)			(158,714)
Vehicles	(226,282)	(46,533)			(272,815)
Subtotal	(7,396,855)	(1,117,721)			(8,514,576)
Total Capital Assets Being Depreciated – Net	7,720,629	147,730			7,868,359
Total Capital Assets - Net	\$ 7,975,147	\$ 166,215	\$	\$ (153,502)	\$ 7,987,860

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense was charged as follows:

	2017	2016
Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage	\$ 699	\$ 28,143
City County Building	559,450	586,431
City Parking Facilities	13,760	119,462
City Parks	11,545	180,997
E-911	0	0
Fairview Technology Center	0	0
Health Department	0	0
Juvenile Justice Center	7,636	9,100
Knoxville Area Transit Facilities	0	0
Knox Central	1,998	996
Old Court House	2,039	24,296
Other	13,010	14,739
Property Development	0	0
Senior Centers	0	0
Telecom	117,581	153,557
Total	\$ <u>727,718</u>	\$ <u>1,117,721</u>

NOTE 7 - CONSTRUCTION IN PROGRESS

At June 30, 2017 and 2016, construction in progress consisted of the following:

Facility/Project	2017		2016	
	Actual To-Date	Remaining Commitment	Actual To-Date	Remaining Commitment
City Parks: Elevator - Sunsphere			18,485	18,485
Total	\$ <u> </u>	<u> </u>	\$ <u>18,485</u>	\$ <u>18,485</u>

NOTE 8 - COMPENSATED ABSENCES PAYABLE

Compensated absences activity during the years ended June 30, 2017 and 2016 were as follows:

	2017	2016
Balance, Beginning of Year	\$ 476,796	\$ 525,251
Earned	301,135	249,533
Used	<u>296,792</u>	<u>297,988</u>
Balance, End of Year	\$ <u>481,139</u>	\$ <u>476,796</u>
Current Portion	\$ 299,510	\$ 271,771
Non-Current Portion	<u>181,629</u>	<u>205,025</u>
Total	\$ <u>481,139</u>	\$ <u>476,796</u>

NOTE 9: - NET POSITION

Net position represents the difference between assets and liabilities. The net position at June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Investment in Capital Assets:		
Net Capital Assets	\$ 5,442,665	\$ 7,987,860
Unrestricted:		
Designated for Operating Reserve	1,176,394	1,078,394
Designated for Capital Asset Replacement	<u>2,380,067</u>	<u>2,160,327</u>
	<u>3,556,461</u>	<u>3,238,721</u>
 Total	 \$ <u>8,999,126</u>	 \$ <u>11,226,581</u>

Since the PBA is a joint venture between the City and the County, the net position represents the equity ownership of the City, County and others. The joint venture equity in the PBA at June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
City	\$ 3,816,779	\$ 5,863,721
County	5,156,837	5,337,350
Others:		
Development Corp. of Knox County	4,610	4,610
Emergency Communications District	9,500	9,500
Knox County Schools	<u>11,400</u>	<u>11,400</u>
 Total	 \$ <u>8,999,126</u>	 \$ <u>11,226,581</u>

NOTE 10 – OPERATING REVENUES

Operating revenues earned during the years ended June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Rental Income from City and County	\$ 4,328,993	\$ 4,327,759
Other Rental Income:		
Gross Revenues	<u>229,219</u>	<u>252,697</u>
Other Rental Income – Net	<u>229,219</u>	<u>252,697</u>
Management Fees from the City and County	<u>7,697,552</u>	<u>7,177,821</u>
Management Fees from Other Governmental Agencies	<u>312,006</u>	<u>313,766</u>
Parking Revenues:		
Gross Revenues	<u>3,795,842</u>	<u>3,626,145</u>
Less: Commissions to Vendor	<u>0</u>	<u>(542,729)</u>
Net Parking Revenues	<u>3,795,842</u>	<u>3,083,416</u>
 Total	 \$ <u>16,363,612</u>	 \$ <u>15,155,459</u>

NOTE 10 - OPERATING REVENUES (continued)

In 2017, the PBA elected not to renew a third- party vendor contract for the collection of parking revenues. The PBA directly managed the collection of parking revenues, and no vendor commissions were paid in 2017.

NOTE 11 – CAPITAL CONTRIBUTIONS AND DEDUCTIONS

During the year ended June 30, 2017, capital contributions and deductions were as follows:

	City	County	Others	Total
Capital Contributions				
Capital Asset Replacement Reserves	\$ 500,900	649,100	0	1,150,000
Capital Deductions				
Capital Contributions Returned	(1,517,082)	(244,072)	(28,544)	(1,789,698)
Total - Net	\$ (1,016,182)	405,028	(28,544)	(639,698)

During the year ended June 30, 2016, capital contributions and deductions were as follows:

	City	County	Others	Total
Capital Contributions				
Capital Asset Replacement Reserves	\$ 799,438	499,100	0	1,298,538
Capital Deductions				
Capital Contributions Returned	(1,468,316)	(361,575)	(38,695)	(1,868,586)
Total - Net	\$ (668,878)	137,525	(38,695)	(570,048)

During the year ended June 30, 2017, the PBA returned to the City, the County, the Emergency Communications District, Knox County Schools, the Development Corporation Board, and the Industrial Development Board operating funds in excess of those agreed upon to be held in separate operating reserves; \$1,517,082 was returned to the City, \$244,072 was returned to the County, \$2,988 was returned to the Emergency Communications District, \$10,621 was returned to Knox County Schools, \$6,319 was returned to the Development Corporation Board, and \$8,616 was returned to the Industrial Development Board. These funds represented the results of operations.

During the year ended June 30, 2016, the PBA returned to the City, the County, the Emergency Communications District, Knox County Schools, and the Development Corporation Board operating funds in excess of those agreed upon to be held in separate operating reserves; \$1,468,316 was returned to the City, \$361,575 was returned to the County, \$9,702 was returned to the Emergency Communications District, \$27,032 was returned to Knox County Schools, and \$1,961 was returned to the Development Corporation Board. These funds represented the results of operations.

NOTE 12 – RISK MANAGEMENT

The PBA is exposed to various risks of losses related to torts; theft or damage to, and destruction of assets; injuries to employees; and natural disasters. The PBA carries commercial insurance for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 13 – RELATED PARTY TRANSACTIONS AND ECONOMIC CONCENTRATION

PBA's two joint venture "owners," Knox County and the City of Knoxville, had the following activity during 2017 and 2016:

June 30, 2017	City	County	Total
Due From, End of Year	\$ 973,014	\$ 216,242	\$ 1,189,256
Due To, End of Year	644,137	244,072	888,209
Rental Income	1,242,421	3,086,572	4,328,993
Management Fees	4,648,674	3,048,878	7,697,552
Parking Revenues	3,023,930	771,912	3,795,842
June 30, 2016	City	County	Total
Due From, End of Year	\$ 2,184,077	\$ 390,509	\$ 2,574,586
Due To, End of Year	688,737	361,575	1,050,312
Rental Income	1,242,067	3,085,692	4,327,759
Management Fees	4,183,328	2,994,493	7,177,821
Net Parking Revenues	2,419,218	664,198	3,083,416

During the years ended June 30, 2017 and 2016, approximately 54% and 54% of operating revenues, respectively, were from the City. During the years ended June 30, 2017 and 2016, approximately 42% and 46% of operating revenues, respectively, were from the County.

NOTE 14 - RETIREMENT PLANS

Overview

As described in the Operating Agreement, Article IV, dated July 1, 1975, the PBA employees have been designated as "County employees" for the purpose of participating in the County's retirement plans.

The County has two retirement plans available to the PBA employees:

1. The *County Defined Contribution Retirement (DC) Asset Accumulation Plan* is a defined contribution plan established by Knox County under Sections 401(a)(9) and 457 of the Internal Revenue Code. The Plan covers substantially all full-time employees of PBA, who are regularly scheduled to work 18.5 hours or more per week. Plan benefits depend solely on amounts contributed to the plan plus investment earnings. Participation begins on the first day of employment and all eligible employees not participating in the *County DB* retirement plan are required to participate.
2. The *County Defined Contribution (DC) Medical Retirement Plan*, a voluntary defined contribution plan (an asset accumulation plan), was established by the County on July 1, 1998, under Section 401(a)(9) of the Internal Revenue Code. Plan benefits depend solely on amounts contributed to the plan plus investment earnings. Voluntary participation begins upon enrollment; eligible employees may begin participation on the first day of employment. The Plan was specifically created to assist employees in planning and investing for anticipated medical expenses upon retirement.

All Plan provisions and contribution requirements are established and may be amended by the Knox County Retirement Board. The plans are administered by USI Consulting Group.

NOTE 14 - RETIREMENT PLANS (continued)

The financial statements of the County's retirement plans are reported within Knox County's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017. The CAFR may be obtained by writing or contacting the Knox County Finance Department at:

Knox County Finance Department
400 Main Avenue
City County Building, Suite 630
Knoxville, Tennessee 37902
865-215-2350
www.knoxcounty.org

Asset Accumulation Retirement Plan

The *Asset Accumulation Plan* is a defined contribution plan established by Knox County under Section 401(a)(9) of the Internal Revenue Code. The plan requires all participants to contribute a minimum of 6% of compensation and the employer matching contribution is 6%. Participants are always 100% vested in their contributions and become 100% vested in the PBA's matching contributions after completing 5 years of credited service.

Normal retirement age is 65 and early retirement is age 55, both with completion of five years of service. Participants may receive retirement benefit payments in fixed payments, lump-sum or have an option to purchase an annuity from a life insurance company.

During the years ended June 30, 2017 and 2016, PBA employees made contributions of \$331,293 and \$284,503 respectively. During 2017 and 2016, PBA made matching employer contributions of \$331,293 and \$284,503, respectively.

In addition to the 401(a) Plan, the Knox County Asset Accumulation Program incorporated a 457(b) Plan in the Defined Contribution Plan. The Knox County Voluntary 457 Plan incorporates voluntary pre-tax contributions by the participant with an employer match based on length of service with the County and/or Board. The employer will match:

Years of Service	Maximum % Match
0 – 5	0%
5 – 9	2%
10 – 14	4%
15 or more	6%

The employer matching contributions for the 457 Plan are deposited into the participants 401(a) account.

During the years ended June 30, 2017 and 2016, PBA employees made voluntary contributions of \$97,229 and \$93,202 respectively. During 2017 and 2016, PBA made matching employer contributions of \$50,339 and \$50,193 respectively.

County Defined Contribution (DC) Medical Expense Retirement Plan

The County DC Medical Retirement Plan (the Plan) is an optional retiree medical savings plan available to full-time PBA employees who are participants in the County's DB or DC pension plans.

Participants who make voluntary after-tax contributions are eligible for a percent match contribution from the Knox County Retirement and Pension Board based on the percent approved by the Board for the year in question.

The minimum participant annual contribution for the years ended June 30, 2017 and 2016 is \$208. The County DC Plan will make matching contributions of 50% of the participant's, up to a maximum of \$208. During 2017 and 2016, the Retirement and Pension Board contributions were \$3,513 and \$3,496, respectively.

Participants are always 100% vested in voluntary and matching contributions. During 2017 and 2016, PBA employees made voluntary contributions of \$7,338 and \$6,992, respectively.

**SUPPLEMENTARY
INFORMATION**

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF NET POSITION BY ACTIVITY
June 30, 2017**

	Property Management - City Properties							
	Parking Facilities	Police Department	Parks	Transit Facility	Downtown Cinema	On Street Parking	Public Works Complex	Total City Properties
Assets:								
Current Assets								
Cash and Cash Equivalents	\$ 508,519	3,712	974,161	447,984	45,474	102,978	47,984	2,130,812
Receivables:								
Other Receivables	16,781	0	45,352	0	0	0	0	62,133
Due from County	0	0	0	0	0	0	0	0
Due from City	0	0	0	0	0	0	0	0
Due from Other Governmental Agencies	0	0	0	0	0	0	0	0
Due from Other Departments	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Prepaid Items	0	0	0	0	0	0	0	0
Total Current Assets	525,300	3,712	1,019,513	447,984	45,474	102,978	47,984	2,192,945
Capital Assets								
Building Improvements	0	0	0	0	0	0	0	0
Site Improvements	0	0	0	0	0	0	0	0
Data Processing Equipment and Software	14,000	0	0	0	0	0	0	14,000
Machinery and Equipment	79,331	0	74,825	0	0	0	0	154,156
Vehicles	20,922	0	211,691	0	0	0	0	232,613
Total Capital Assets	114,253	0	286,516	0	0	0	0	400,769
Less: Accumulated Depreciation	(81,970)	0	(271,080)	0	0	0	0	(353,050)
Construction in Progress	0	0	0	0	0	0	0	0
Net Capital Assets	32,283	0	15,436	0	0	0	0	47,719
Total Assets	\$ 557,583	3,712	1,034,949	447,984	45,474	102,978	47,984	2,240,664
Liabilities:								
Current Liabilities								
Accounts Payable and Accrued Liabilities	\$ 118,965	149	161,755	35,149	4,283	30,433	2,727	353,461
Due to City	0	0	0	0	0	0	0	0
Due to County	0	0	0	0	0	0	0	0
Due to Other Governmental Agencies	0	0	0	0	0	0	0	0
Due to (from) Other Departments	351,267	3,296	204,595	31,488	30,708	61,860	45,257	728,471
Unearned Revenues	0	0	0	0	0	2,625	0	2,625
Customer Deposits	2,500	0	5,768	0	3,946	0	0	12,214
Compensated Absences Payable	22,619	166	64,803	20,201	1,685	5,017	0	114,491
Total Current Liabilities	495,351	3,611	436,921	86,838	40,622	99,935	47,984	1,211,262
Non-Current Liabilities								
Compensated Absences Payable	13,717	101	39,298	12,250	1,022	3,043	0	69,431
Total Non-Current Liabilities	13,717	101	39,298	12,250	1,022	3,043	0	69,431
Total Liabilities	509,068	3,712	476,219	99,088	41,644	102,978	47,984	1,280,693
Net Position								
Investment in Capital Assets	32,283	0	15,436	0	0	0	0	47,719
Unrestricted:								
Designated for Operating Reserve	0	0	0	0	3,830	0	0	3,830
Designated for Capital Asset Replacement Reserve	16,232	0	543,294	348,896	0	0	0	908,422
Total Net Position	48,515	0	558,730	348,896	3,830	0	0	959,971
Total Liabilities and Net Position	\$ 557,583	3,712	1,034,949	447,984	45,474	102,978	47,984	2,240,664

Property Management - County Properties

Andrew Johnson Building/ Dwight Kessel Metropolitan Parking Garage	Family Investment Center	Forensic Center	Health Department	Juvenile Justice Center	Knox Central	Old Court House	Public Defender	Senior Centers	Young Williams AWC	Total County Properties
\$ 125,979	23,583	66,027	56,175	81,509	22,303	78,480	56,775	11,830	44,591	567,252
0	0	0	0	0	0	0	0	0	0	0
0	0	0	7,780	0	0	20,944	0	0	0	28,724
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
125,979	23,583	66,027	63,955	81,509	22,303	99,424	56,775	11,830	44,591	595,976
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
23,120	0	0	0	0	0	0	0	0	0	23,120
1,000	0	0	5,028	0	6,656	0	0	0	0	12,684
0	0	0	0	41,000	10,000	10,200	0	0	0	61,200
24,120	0	0	5,028	41,000	16,656	10,200	0	0	0	97,004
(21,668)	0	0	(5,028)	(24,118)	(9,650)	(7,133)	0	0	0	(67,597)
0	0	0	0	0	0	0	0	0	0	0
2,452	0	0	0	16,882	7,006	3,067	0	0	0	29,407
\$ 128,431	23,583	66,027	63,955	98,391	29,309	102,491	56,775	11,830	44,591	625,383
\$ 36,324	3,171	23,346	29,938	32,921	5,324	41,556	1,424	6,564	2,744	183,312
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
62,017	16,348	37,963	23,423	23,415	10,616	33,098	54,175	(142)	39,944	300,857
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
17,205	2,530	2,937	6,595	15,670	3,961	15,419	732	3,367	1,185	69,601
115,546	22,049	64,246	59,956	72,006	19,901	90,073	56,331	9,789	43,873	553,770
10,433	1,534	1,781	3,999	9,503	2,402	9,351	444	2,041	718	42,206
10,433	1,534	1,781	3,999	9,503	2,402	9,351	444	2,041	718	42,206
125,979	23,583	66,027	63,955	81,509	22,303	99,424	56,775	11,830	44,591	595,976
2,452	0	0	0	16,882	7,006	3,067	0	0	0	29,407
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
2,452	0	0	0	16,882	7,006	3,067	0	0	0	29,407
\$ 128,431	23,583	66,027	63,955	98,391	29,309	102,491	56,775	11,830	44,591	625,383

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**
SCHEDULE OF NET POSITION BY ACTIVITY (Continued)
June 30, 2017

	Property Management - Other							
	City County Building	Emergency Communi- cations District	Fairview Technology Center	Total Property Management	Property Development	Telecom Services	Corporate	Total
Assets:								
Current Assets								
Cash and Cash Equivalents	\$ 2,150,931	19,485	14,772	4,883,252	95,832	136,306	421,803	5,537,193
Receivables:								
Other Receivables	0	0	0	62,133	0	0	3,018	65,151
Due from County	0	2,208	0	30,932	0	8,838	176,472	216,242
Due from City	0	0	0	0	0	9,151	963,863	973,014
Due from Other Governmental Agencies	0	0	0	0	0	187	5,003	5,190
Due from Other Departments	0	0	0	0	0	0	1,168,920	1,168,920
Inventory	0	0	0	0	0	12,250	0	12,250
Prepaid Items	0	0	0	0	0	0	101,641	101,641
Total Current Assets	2,150,931	21,693	14,772	4,976,317	95,832	166,732	2,840,720	8,079,601
Capital Assets								
Land	0	0	0	0	0	0	101,016	101,016
Buildings	0	0	0	0	0	0	528,264	528,264
Building Improvements	8,165,079	0	0	8,165,079	0	0	12,801	8,177,880
Site Improvements	69,255	0	0	69,255	0	0	0	69,255
Data Processing Equipment and Software	103,470	0	0	140,590	0	18,751	16,798	176,139
Machinery and Equipment	1,056,060	0	0	1,222,900	0	1,177,793	0	2,400,693
Vehicles	83,080	0	0	376,893	0	51,132	0	428,025
Total Capital Assets	9,476,944	0	0	9,974,717	0	1,247,676	658,879	11,881,272
Less: Accumulated Depreciation	(4,868,319)	0	0	(5,288,966)	0	(1,010,445)	(139,196)	(6,438,607)
Construction in Progress	0	0	0	0	0	0	0	0
Net Capital Assets	4,608,625	0	0	4,685,751	0	237,231	519,683	5,442,665
Total Assets	\$ 6,759,556	21,693	14,772	9,662,068	95,832	403,963	3,360,403	13,522,266
Liabilities:								
Current Liabilities								
Accounts Payable and Accrued Liabilities	\$ 240,910	4,972	1,895	784,550	22,309	30,079	1,104,551	1,941,489
Due to City	0	0	0	0	0	0	644,137	644,137
Due to County	0	0	0	0	0	0	244,072	244,072
Due to Other Governmental Agencies	0	0	0	0	0	0	28,544	28,544
Due to (from) Other Departments	51,391	3,949	6,765	1,091,433	62,017	15,470	0	1,168,920
Unearned Revenues	0	0	0	2,625	0	0	0	2,625
Customer Deposits	0	0	0	12,214	0	0	0	12,214
Compensated Absences Payable	75,146	2,037	935	262,210	7,162	30,138	0	299,510
Total Current Liabilities	367,447	10,958	9,595	2,153,032	91,488	75,687	2,021,304	4,341,511
Non-Current Liabilities								
Compensated Absences Payable	45,570	1,235	567	159,009	4,344	18,276	0	181,629
Total Non-Current Liabilities	45,570	1,235	567	159,009	4,344	18,276	0	181,629
Total Liabilities	413,017	12,193	10,162	2,312,041	95,832	93,963	2,021,304	4,523,140
Net Position								
Investment in Capital Assets	4,608,625	0	0	4,685,751	0	237,231	519,683	5,442,665
Unrestricted:								
Designated for Operating Reserve	339,038	9,500	4,610	356,978	0	0	819,416	1,176,394
Designated for Capital Asset Replacement Reserve	1,398,876	0	0	2,307,298	0	72,769	0	2,380,067
Total Net Position	6,346,539	9,500	4,610	7,350,027	0	310,000	1,339,099	8,999,126
Total Liabilities and Net Position	\$ 6,759,556	21,693	14,772	9,662,068	95,832	403,963	3,360,403	13,522,266

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION BY ACTIVITY
For the Year Ended June 30, 2017**

	Property Management - City Properties							
	Parking Facilities	Police Department	Parks	Transit Facility	Downtown Cinema	On Street Parking	Public Works Complex	Total City Properties
Operating Revenues:								
Rental Income from City and County	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Management Fees from City and County	0	6,801	2,328,228	964,971	34,446	556,206	85,331	3,975,983
Management Fees from Other Governmental Agencies	0	0	0	0	40,346	0	0	40,346
Rental and Event Revenues	40,601	0	128,423	0	52,096	0	0	221,120
Parking Revenues	2,918,233	0	80,310	0	0	7,110	0	3,005,653
Total Operating Revenues	2,958,834	6,801	2,536,961	964,971	126,888	563,316	85,331	7,243,102
Operating Expenses:								
Direct:								
<u>Property Management</u>								
Management	767,671	348	176,362	22,988	3,627	1,291	0	972,287
Safety and Services	199,239	2,731	456,701	308,257	7,620	473,108	2,076	1,449,732
Operations and Maintenance	795,581	0	1,682,114	548,066	76,056	0	38,007	3,139,824
<u>Other Management Services</u>								
Property Development	0	0	0	0	0	0	0	0
Telecom Services	0	0	0	0	0	0	0	0
Total Direct Operating Expenses	1,762,491	3,079	2,315,177	879,311	87,303	474,399	40,083	5,561,843
Indirect:								
Corporate Administration	46,083	170	69,627	26,749	3,497	6,882	0	153,008
Finance	60,081	224	91,147	35,011	4,576	9,001	0	200,040
MIS	26,164	97	39,517	15,182	1,985	3,906	0	86,851
Total Indirect Operating Expenses	132,328	491	200,291	76,942	10,058	19,789	0	439,899
Total Operating Expenses	1,894,819	3,570	2,515,468	956,253	97,361	494,188	40,083	6,001,742
Operating Income (Loss)	1,064,015	3,231	21,493	8,718	29,527	69,128	45,248	1,241,360
Non-Operating Revenues (Expenses):								
Interest Income	2,553	15	5,817	1,029	207	0	0	9,621
Bank Charges	(59,679)	(13)	(5,644)	(895)	(181)	0	0	(66,412)
Capital Returned to City, County and Other Governmental Agencies	(1,198,485)	(3,233)	(178,971)	(25,674)	(29,553)	(69,128)	(45,248)	(1,550,292)
Total Non-Operating Revenues (Expenses) - Net	(1,255,611)	(3,231)	(178,798)	(25,540)	(29,527)	(69,128)	(45,248)	(1,607,083)
Increase (Decrease) in Net Position Before Capital Contributions and Extraordinary Item	(191,596)	0	(157,305)	(16,822)	0	0	0	(365,723)
Capital Contributions								
Cash:								
Operating Reserves from City and County and Other Governmental Agencies	0	0	0	0	0	0	0	0
Capital Asset Replacement Reserves from City and County	0	0	0	300,000	0	0	0	300,000
Total Capital Contributions	0	0	0	300,000	0	0	0	300,000
Extraordinary Item								
Transfer of Capital Assets	(680,665)	0	(1,263,456)	0	0	0	0	(1,944,121)
Increase (Decrease) in Net Position	(872,261)	0	(1,420,761)	283,178	0	0	0	(2,009,844)
Net Position, Beginning of Year	920,776	0	1,979,491	65,718	3,830	0	0	2,969,815
Net Position, End of Year	\$ 48,515	\$ 0	\$ 558,730	\$ 348,896	\$ 3,830	\$ 0	\$ 0	\$ 959,971

Property Management - County Properties

Andrew Johnson Building/ Dwight Kessel Metropolitan Parking Garage	Family Investment Center	Health Department	Forensic Center	Juvenile Justice Center	Knox Central	Old Court House	Public Defender	Senior Centers	Young Williams AWC	Total County Properties
\$ 0	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
195,441	137,934	298,677	240,696	643,857	182,397	636,925	77,205	116,952	88,569	2,618,653
0	0	0	0	0	0	0	0	0	0	0
0	0	8,099	0	0	0	0	0	0	0	8,099
726,507	0	0	0	0	0	0	0	0	0	726,507
921,948	137,934	306,776	240,696	643,857	182,397	636,925	77,205	116,952	88,569	3,353,259
127,871	4,922	12,447	5,653	28,693	10,955	28,570	1,746	3,330	2,018	226,205
190,135	13,769	37,687	20,664	239,933	26,441	251,771	245	14,461	0	795,106
476,954	93,509	209,844	160,234	315,814	124,146	282,235	15,817	91,256	40,639	1,810,448
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
794,960	112,200	259,978	186,551	584,440	161,542	562,576	17,808	109,047	42,657	2,831,759
23,944	3,794	8,493	6,543	17,710	4,968	17,563	2,112	3,258	2,411	90,796
31,327	4,967	11,105	8,581	23,186	6,513	22,974	2,765	4,258	3,158	118,834
13,590	2,153	4,821	3,713	10,051	2,819	9,969	1,198	1,849	1,369	51,532
68,861	10,914	24,419	18,837	50,947	14,300	50,506	6,075	9,365	6,938	261,162
863,821	123,114	284,397	205,388	635,387	175,842	613,082	23,883	118,412	49,595	3,092,921
58,127	14,820	22,379	35,308	8,470	6,555	23,843	53,322	(1,460)	38,974	260,338
682	143	398	335	589	190	649	240	133	193	3,552
(7,091)	(126)	(351)	(291)	(520)	(168)	(573)	(208)	(118)	(168)	(9,614)
(52,418)	(14,837)	(22,426)	(35,352)	(16,175)	(8,575)	(25,958)	(53,354)	1,445	(38,999)	(266,649)
(58,827)	(14,820)	(22,379)	(35,308)	(16,106)	(8,553)	(25,882)	(53,322)	1,460	(38,974)	(272,711)
(700)	0	0	0	(7,636)	(1,998)	(2,039)	0	0	0	(12,373)
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
(101,883)	0	0	0	(584)	0	(128,357)	0	0	0	(230,824)
(102,583)	0	0	0	(8,220)	(1,998)	(130,396)	0	0	0	(243,197)
105,035	0	0	0	25,102	9,004	133,463	0	0	0	272,604
\$ 2,452	\$ 0	\$ 0	0	\$ 16,882	\$ 7,006	\$ 3,067	\$ 0	\$ 0	\$ 0	\$ 29,407

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Property Management - Other							
	City County Building	Emergency Communic. District	Fairview Technology Center	Total Property Management	Property Development	Telecom Services	Corporate	Total
Operating Revenues:								
Rental Income from City and County	\$ 4,328,993	\$ 0	\$ 0	\$ 4,328,993	\$ 0	\$ 0	\$ 0	\$ 4,328,993
Management Fees from City and County	0	0	0	6,594,636	566,915	536,001	0	7,697,552
Management Fees from Other								
Governmental Agencies	0	106,855	48,840	196,041	0	115,965	0	312,006
Rental and Event Revenues	0	0	0	229,219	0	0	0	229,219
Parking Revenues	63,682	0	0	3,795,842	0	0	0	3,795,842
Total Operating Revenues	4,392,675	106,855	48,840	15,144,731	566,915	651,966	0	16,363,612
Operating Expenses:								
Direct								
<u>Property Management</u>								
Management	806,574	2,781	971	2,008,818	0	0	13,010	2,021,828
Safety and Services	676,214	5,902	4,235	2,931,189	0	0	0	2,931,189
Operations and Maintenance	3,327,560	86,644	33,357	8,397,833	0	0	0	8,397,833
<u>Other Management Services</u>								
Property Development	0	0	0	0	420,244	0	0	420,244
Telecom Services	0	0	0	0	0	701,370	0	701,370
Total Direct Operating Expenses	4,810,348	95,327	38,563	13,337,840	420,244	701,370	13,010	14,472,464
Indirect								
Corporate Administration	122,072	2,973	1,380	370,229	32,491	29,298	0	432,018
Finance	159,809	3,893	1,806	484,382	42,552	38,346	0	565,280
MIS	69,283	1,687	784	210,137	18,440	16,629	0	245,206
Total Indirect Operating Expenses	351,164	8,553	3,970	1,064,748	93,483	84,273	0	1,242,504
Total Operating Expenses	5,161,512	103,880	42,533	14,402,588	513,727	785,643	13,010	15,714,968
Operating Income (Loss)	(768,837)	2,975	6,307	742,143	53,188	(133,677)	(13,010)	648,644
Non-Operating Revenues (Expenses):								
Interest Income	12,961	102	85	26,321	433	1,289	0	28,043
Bank Charges	(11,788)	(89)	(74)	(87,977)	(378)	(1,144)	0	(89,499)
Capital Returned to City, County and Other Governmental Agencies	0	(2,988)	(6,318)	(1,826,247)	(53,243)	(8,208)	98,000	(1,789,698)
Total Non-Operating Revenues (Expenses) - Net	1,173	(2,975)	(6,307)	(1,887,903)	(53,188)	(8,063)	98,000	(1,851,154)
Increase (Decrease) in Net Position Before Capital Contributions and Extraordinary Item	(767,664)	0	0	(1,145,760)	0	(141,740)	84,990	(1,202,510)
Capital Contributions (Deductions)								
Cash:								
Operating Reserves from City and County and Other Governmental Agencies	0	0	0	0	0	0	0	0
Capital Asset Replacement Reserves from City and County	700,000	0	0	1,000,000	0	150,000	0	1,150,000
Total Capital Contributions	700,000	0	0	1,000,000	0	150,000	0	1,150,000
Extraordinary Item								
Transfer of Capital Assets	0	0	0	(2,174,945)	0	0	0	(2,174,945)
Increase (Decrease) in Net Position	(67,664)	0	0	(2,320,705)	0	8,260	84,990	(2,227,455)
Net Position, Beginning of Year	6,414,203	9,500	4,610	9,670,732	0	301,740	1,254,109	11,226,581
Net Position, End of Year	\$ 6,346,539	\$ 9,500	\$ 4,610	\$ 7,350,027	\$ 0	\$ 310,000	\$ 1,339,099	\$ 8,999,126

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY
For the Year Ended June 30, 2017**

City Parking Facilities			
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Parking Revenue	\$ 2,801,762	\$ 2,918,233	\$ 116,471
Tenant Rental Income	36,366	40,601	4,235
Total Operating Revenues	<u>2,838,128</u>	<u>2,958,834</u>	<u>120,706</u>
Operating Expenses			
Direct:			
Salaries and Wages	612,959	568,761	44,198
Employee Benefits	226,795	224,627	2,168
Office Expenses	28,500	15,709	12,791
Education and Training	13,526	290	13,236
Operating Expenses	158,975	169,966	(10,991)
Operating Contracts	341,565	353,544	(11,979)
Utilities	178,400	181,966	(3,566)
Communications	21,280	27,791	(6,511)
Insurance	10,806	11,146	(340)
Professional Services	3,200	1,720	1,480
Maintenance Facility	16,007	15,375	632
Capital Purchases	0	177,836	(177,836)
Depreciation Expense	0	13,760	(13,760)
Total Direct Operating Expenses	<u>1,612,013</u>	<u>1,762,491</u>	<u>(150,478)</u>
Total Indirect Operating Expenses	<u>131,392</u>	<u>132,328</u>	<u>(936)</u>
Total Operating Expenses	<u>1,743,405</u>	<u>1,894,819</u>	<u>(151,414)</u>
Operating Income (Loss)	<u>1,094,723</u>	<u>1,064,015</u>	<u>(30,708)</u>
Non-Operating Revenues (Expenses)			
Interest Income	2,400	2,553	153
Bank Charges	(41,500)	(59,679)	(18,179)
Transfer of Operating Reserves	(1,055,623)	(1,198,485)	(142,862)
Net Non-Operating Revenues (Expenses)	<u>(1,094,723)</u>	<u>(1,255,611)</u>	<u>(160,888)</u>
Increase (Decrease) in Net Position Before Capital Contributions and Extraordinary Item	<u>0</u>	<u>(191,596)</u>	<u>(191,596)</u>
Extraordinary Item			
Transfer of Capital Assets	<u>0</u>	<u>(680,665)</u>	<u>(680,665)</u>
Increase (Decrease) in Net Position	<u>\$ 0</u>	<u>(872,261)</u>	<u>\$ (872,261)</u>
Net Position, Beginning of Year		<u>920,776</u>	
Net Position, End of Year		<u>\$ 48,515</u>	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	The Knoxville Police Department		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from City	\$ 6,801	\$ 6,801	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	2,038	1,758	280
Employee Benefits	754	846	(92)
Office Expenses	400	1	399
Education and Training	500	0	500
Operating Expenses	2,300	349	1,951
Communications	65	8	57
Insurance	45	52	(7)
Professional Services	85	0	85
Maintenance Facility	67	65	2
Total Direct Operating Expenses	6,254	3,079	3,175
Total Indirect Operating Expenses	547	491	56
Total Operating Expenses	6,801	3,570	3,231
Operating Income	0	3,231	3,231
Non-Operating Revenues (Expenses)			
Interest Income	12	15	3
Bank Charges	(12)	(13)	(1)
Transfer of Operating Reserves	0	(3,233)	(3,233)
Net Non-Operating Revenues (Expenses)	0	(3,231)	(3,231)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	City Parks		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from City	\$ 2,328,228	\$ 2,328,228	\$ 0
Parking Revenues	86,043	80,310	(5,733)
Rental and Event Income	98,760	128,423	29,663
Total Operating Revenues	2,513,031	2,536,961	23,930
Operating Expenses			
Direct:			
Salaries and Wages	891,530	786,505	105,025
Employee Benefits	329,866	326,334	3,532
Office Expenses	21,200	9,183	12,017
Education and Training	3,500	5	3,495
Operating Expenses	403,900	384,772	19,128
Operating Contracts	157,322	146,214	11,108
Utilities	434,000	429,911	4,089
Communications	18,797	23,402	(4,605)
Insurance	23,715	24,464	(749)
Professional Services	2,500	3,417	(917)
Maintenance Facility	24,628	23,664	964
Capital Purchases	0	145,761	(145,761)
Depreciation Expense	0	11,545	(11,545)
Total Direct Operating Expenses	2,310,958	2,315,177	(4,219)
Total Indirect Operating Expenses	202,158	200,291	1,867
Total Operating Expenses	2,513,116	2,515,468	(2,352)
Operating Income (Loss)	(85)	21,493	21,578
Non-Operating Revenue (Expenses)			
Interest Income	5,525	5,817	292
Bank Charges	(5,440)	(5,644)	(204)
Transfer of Operating Reserves	0	(178,971)	(178,971)
Net Non-Operating Revenues (Expenses)	85	(178,798)	(178,883)
Increase (Decrease) in Net Position Before Capital Contributions and Extraordinary Item	0	(157,305)	(157,305)
Capital Contributions			
Capital Asset Replacement Reserve	0	0	0
Extraordinary Item			
Transfer of Capital Assets	0	(1,263,456)	(1,263,456)
Increase (Decrease) in Net Position	<u>\$ 0</u>	<u>(1,420,761)</u>	<u>\$ (1,420,761)</u>
Net Position, Beginning of Year		<u>1,979,491</u>	
Net Position, End of Year		<u>\$ 558,730</u>	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Knoxville Area Transit Facilities		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from City	\$ 964,971	\$ 964,971	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	329,483	329,016	467
Employee Benefits	121,909	120,520	1,389
Office Expenses	6,750	5,683	1,067
Education and Training	3,500	95	3,405
Operating Expenses	101,000	104,998	(3,998)
Operating Contracts	190,821	190,415	406
Utilities	99,500	86,338	13,162
Communications	18,500	10,191	8,309
Insurance	5,974	6,155	(181)
Professional Services	500	0	500
Maintenance Facility	9,457	9,078	379
Capital Purchases	0	16,822	(16,822)
Depreciation Expense	0	0	0
Total Direct Operating Expenses	887,394	879,311	8,083
Total Indirect Operating Expenses	77,627	76,942	685
Total Operating Expenses	965,021	956,253	8,768
Operating Income (Loss)	(50)	8,718	8,768
Non-Operating Revenues (Expenses)			
Interest Income	1,200	1,029	(171)
Bank Charges	(1,150)	(895)	255
Transfer of Operating Reserves	0	(25,674)	(25,674)
Net Non-Operating Revenues (Expenses)	50	(25,540)	(25,590)
Increase in Net Position Before Capital Contributions	0	0	(16,822)
Capital Contributions			
Capital Asset Replacement Reserve	0	300,000	300,000
Increase (Decrease) in Net Position	\$ 0	283,178	\$ 283,178
Net Position, Beginning of Year		65,718	
Net Position, End of Year		\$ 348,896	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Downtown Cinema		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Rental and Event Revenues	\$ 51,307	\$ 52,096	\$ 789
Management Fees from City	34,446	34,446	0
Management Fees from Other Governmental Agencies	40,346	40,346	0
Total Operating Revenues	126,099	126,888	789
Operating Expenses			
Direct:			
Salaries and Wages	14,899	9,987	4,912
Employee Benefits	5,512	5,469	43
Office Expenses	150	88	62
Operating Expenses	40,300	12,717	27,583
Operating Contracts	50,031	54,896	(4,865)
Utilities	2,000	1,700	300
Communications	800	486	314
Insurance	722	750	(28)
Professional Services	500	188	312
Maintenance Facility	1,074	1,022	52
Capital Purchases	0	0	0
Total Direct Operating Expenses	115,988	87,303	28,685
Total Indirect Operating Expenses	10,161	10,058	103
Total Operating Expenses	126,149	97,361	28,788
Operating Income (Loss)	(50)	29,527	29,577
Non-Operating Revenues (Expenses)			
Interest Income	225	207	(18)
Bank Charges	(175)	(181)	(6)
Transfer of Operating Reserves	0	(29,553)	(29,553)
Net Non-Operating Revenues (Expenses)	50	(29,527)	(29,577)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		3,830	
Net Position, End of Year		\$ 3,830	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	On Street Parking		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from City	\$ 556,206	\$ 556,206	\$ 0
Parking Revenues	0	7,110	7,110
Total Operating Revenues	556,206	563,316	7,110
Operating Expenses			
Direct:			
Salaries and Wages	356,187	304,978	51,209
Employee Benefits	131,789	132,714	(925)
Office Expenses	2,500	3,411	(911)
Education and Training	0	1,500	(1,500)
Operating Expenses	42,000	13,450	28,550
Operating Contracts	0	0	0
Utilities	0	0	0
Communications	2,500	17,027	(14,527)
Insurance	1,293	1,319	(26)
Professional Services	0	0	0
Maintenance Facility	0	0	0
Capital Purchases	0	0	0
Total Direct Operating Expenses	536,269	474,399	61,870
Total Indirect Operating Expenses	19,937	19,789	148
Total Operating Expenses	556,206	494,188	62,018
Operating Income (Loss)	0	69,128	69,128
Non-Operating Revenues (Expenses)			
Interest Income	0	0	0
Bank Charges	0	0	0
Transfer of Operating Reserves	0	(69,128)	(69,128)
Net Non-Operating Revenues (Expenses)	0	(69,128)	(69,128)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Public Works Complex		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from City	\$ 85,331	\$ 85,331	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	23,200	6,175	17,025
Employee Benefits	8,701	28	8,673
Office Expenses	0	0	0
Operating Expenses	17,600	13,802	3,798
Operating Contracts	34,740	20,078	14,662
Utilities	0	0	0
Communications	840	0	840
Insurance	250	0	250
Professional Services	0	0	0
Maintenance Facility	0	0	0
Capital Purchases	0	0	0
Total Direct Operating Expenses	85,331	40,083	45,248
Total Indirect Operating Expenses	0	0	0
Total Operating Expenses	85,331	40,083	45,248
Operating Income (Loss)	0	45,248	(45,248)
Non-Operating Revenues (Expenses)			
Interest Income	0	0	0
Bank Charges	0	0	0
Transfer of Operating Reserves	0	(45,248)	(45,248)
Net Non-Operating Revenues (Expenses)	0	(45,248)	(45,248)
Increase (Decrease) in Net Position	\$ 0	0	\$ (90,496)
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)**

June 30, 2017

	Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 195,441	\$ 195,441	\$ 0
Parking Revenues	675,922	726,507	50,585
Total Operating Revenues	871,363	921,948	50,585
Operating Expenses			
Direct: Andrew Johnson Building			
Salaries and Wages	212,479	218,695	(6,216)
Employee Benefits	78,618	77,835	783
Office Expenses	5,400	1,558	3,842
Education and Training	1,000	110	890
Operating Expenses	65,700	59,762	5,938
Operating Contracts	167,623	165,099	2,524
Communications	7,850	2,874	4,976
Insurance	4,298	4,422	(124)
Professional Services	500	2,608	(2,108)
Maintenance Facility	10,418	10,009	409
Capital Purchases	0	0	0
Depreciation Expense	0	0	0
Total Direct Operating Expenses - Andrew Johnson Building	553,886	542,972	10,914
Direct: Dwight Kessel Metropolitan Parking Garage			
Salaries and Wages	112,793	113,289	(496)
Employee Benefits	41,734	41,075	659
Office Expenses	2,750	2,084	666
Education and Training	2,600	51	2,549
Operating Expenses	24,000	32,024	(8,024)
Operating Contracts	52,782	52,943	(161)
Communications	1,800	3,208	(1,408)
Insurance	1,811	1,862	(51)
Professional Services	500	317	183
Maintenance Facility	4,615	4,435	180
Depreciation Expense	0	699	(699)
Total Direct Operating Expenses - DKMPG	245,385	251,987	(6,602)
Total Indirect Operating Expenses	69,342	68,862	480
Total Operating Expenses	868,613	863,821	4,792
Operating Income (Loss)	2,750	58,127	55,377
Non-Operating Revenues (Expenses)			
Interest Income	565	682	117
Bank Charges	(3,315)	(7,091)	(3,776)
Transfer of Operating Reserves	0	(52,418)	(52,418)
Net Non-Operating Revenues (Expenses)	(2,750)	(58,827)	(56,077)
Increase (Decrease) in Net Position Before Extraordinary Item	0	(700)	(700)
Extraordinary Item			
Transfer of Capital Assets	0	(101,883)	(101,883)
Increase (Decrease) in Net Position	\$ 0	(102,583)	\$ (102,583)
Net Position, Beginning of Year		105,035	
Net Position, End of Year		\$ 2,452	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Family Investment Center		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 137,934	\$ 137,934	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	41,348	39,732	1,616
Employee Benefits	15,299	15,167	132
Office Expenses	500	17	483
Education and Training	500	0	500
Operating Expenses	19,500	9,228	10,272
Operating Contracts	43,978	42,425	1,553
Communications	2,100	2,515	(415)
Insurance	810	827	(17)
Professional Services	500	0	500
Maintenance Facility	2,387	2,289	98
Total Direct Operating Expenses	126,922	112,200	14,722
Total Indirect Operating Expenses	11,012	10,914	98
Total Operating Expenses	137,934	123,114	14,820
Operating Income (Loss)	0	14,820	14,820
Non-Operating Revenues (Expenses)			
Interest Income	125	143	18
Bank Charges	(125)	(126)	(1)
Transfer of Operating Reserves	0	(14,837)	(14,837)
Net Non-Operating Revenues (Expenses)	0	(14,820)	(14,820)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Health Department		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Rental Income	\$ 8,099	\$ 8,099	\$ 0
Management Fees from the County	298,677	298,677	0
Total Operating Revenues	306,776	306,776	0
Operating Expenses			
Direct:			
Salaries and Wages	119,031	108,945	10,086
Employee Benefits	44,042	43,214	828
Office Expenses	4,200	383	3,817
Education and Training	2,000	0	2,000
Operating Expenses	73,500	69,183	4,317
Operating Contracts	28,969	27,149	1,820
Communications	3,070	4,302	(1,232)
Insurance	1,664	1,707	(43)
Professional Services	500	0	500
Maintenance Facility	5,309	5,095	214
Depreciation Expense	0	0	0
Total Direct Operating Expenses	282,285	259,978	22,307
Total Indirect Operating Expenses	24,491	24,419	72
Total Operating Expenses	306,776	284,397	22,379
Operating Income (Loss)	0	22,379	22,379
Non-Operating Revenues (Expenses)			
Interest Income	275	398	123
Bank Charges	(275)	(351)	(76)
Transfer of Operating Reserves	0	(22,426)	(22,426)
Net Non-Operating Revenues (Expenses)	0	(22,379)	(22,379)
Increase (Decrease) in Net Position	\$ 0	\$ 0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY(Continued)
For the Year Ended June 30, 2017**

	Juvenile Justice Center		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 643,857	\$ 643,857	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	245,664	254,106	(8,442)
Employee Benefits	90,896	90,083	813
Office Expenses	2,000	1,274	726
Education and Training	1,250	85	1,165
Operating Expenses	89,500	63,774	25,726
Operating Contracts	134,474	146,070	(11,596)
Communications	12,500	6,050	6,450
Insurance	4,530	4,655	(125)
Professional Services	500	0	500
Maintenance Facility	11,143	10,707	436
Depreciation Expense	0	7,636	(7,636)
Total Direct Operating Expenses	592,457	584,440	8,017
Total Indirect Operating Expenses	51,400	50,947	453
Total Operating Expenses	643,857	635,387	8,470
Operating Income (Loss)	0	8,470	8,470
Non-Operating Revenues (Expenses)			
Interest Income	550	589	39
Bank Charges	(550)	(520)	30
Transfer of Operating Reserves	0	(16,175)	(16,175)
Net Non-Operating Revenues (Expenses)	0	(16,106)	(16,106)
Increase (Decrease) in Net Position Before Extraordinary Item	0	(7,636)	(7,636)
Extraordinary Item			
Transfer of Capital Assets	0	(584)	(584)
Increase (Decrease) in Net Position	\$ 0	(8,220)	\$ (8,220)
Net Position, Beginning of Year		25,102	
Net Position, End of Year		\$ 16,882	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Forensic Center		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from the County	\$ 240,696	\$ 240,696	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	42,534	40,070	2,464
Employee Benefits	15,737	15,655	82
Office Expenses	3,000	16	2,984
Education and Training	1,000	0	1,000
Operating Expenses	86,085	73,078	13,007
Operating Contracts	63,359	51,704	11,655
Communications	4,000	377	3,623
Insurance	1,600	1,655	(55)
Maintenance Facility	4,166	3,996	170
Total Direct Operating Expenses	221,481	186,551	34,930
Total Indirect Operating Expenses	19,215	18,837	378
Total Operating Expenses	240,696	205,388	35,308
Operating Income (Loss)	0	35,308	35,308
Non-Operating Revenues (Expenses)			
Interest Income	115	335	220
Bank Charges	(115)	(291)	(176)
Transfer of Operating Reserves	0	(35,352)	(35,352)
Net Non-Operating Revenues (Expenses)	0	(35,308)	(35,308)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Knox Central		Variance
	Budget	Actual	Positive (Negative)
Operating Revenues			
Management Fees from the County	\$ 182,397	\$ 182,397	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	72,945	77,935	(4,990)
Employee Benefits	26,990	26,715	275
Office Expenses	7,650	8,297	(647)
Education and Training	1,000	0	1,000
Operating Expenses	36,350	22,572	13,778
Operating Contracts	13,556	13,830	(274)
Communications	4,500	5,954	(1,454)
Insurance	1,188	1,215	(27)
Professional Services	500	0	500
Maintenance Facility	3,157	3,026	131
Depreciation Expenses	0	1,998	(1,998)
Total Direct Operating Expenses	167,836	161,542	6,294
Total Indirect Operating Expenses	14,561	14,300	261
Total Operating Expenses	182,397	175,842	6,555
Operating Income (Loss)	0	6,555	6,555
Non-Operating Revenues (Expenses)			
Interest Income	150	191	41
Bank Charges	(150)	(168)	(18)
Transfer of Operating Reserves	0	(8,576)	(8,576)
Net Non-Operating Revenues (Expenses)	0	(8,553)	(8,553)
Increase (Decrease) in Net Position	\$ 0	(1,998)	(1,998)
Net Position, Beginning of Year		9,004	
NetPosition, End of Year		\$ 7,006	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Old Court House		Variance Positive (Negative)
	Budget	Actual	
Operating Revenues			
Management Fees from County	\$ 636,925	\$ 636,925	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	292,946	253,660	39,286
Employee Benefits	108,390	106,872	1,518
Office Expenses	2,350	2,434	(84)
Education and Training	1,000	107	893
Operating Expenses	57,200	70,273	(13,073)
Operating Contracts	100,663	100,032	631
Communications	7,100	7,998	(898)
Insurance	4,907	5,069	(162)
Professional Services	500	3,502	(3,002)
Maintenance Facility	11,023	10,590	433
Capital Purchases	0	0	0
Depreciation Expense	0	2,039	(2,039)
Total Direct Operating Expenses	586,079	562,576	23,503
Total Indirect Operating Expenses	50,846	50,506	340
Total Operating Expenses	636,925	613,082	23,843
Operating Income (Loss)	0	23,843	23,843
Non-Operating Revenue (Expenses)			
Interest Income	600	649	49
Bank Charges	(600)	(573)	27
Transfer of Operating Reserves	0	(25,958)	(25,958)
Net Non-Operating Revenue (Expenses)	0	(25,882)	(25,882)
Increase (Decrease) in Net Position Before Extraordinary Item	0	(2,039)	(2,039)
Extraordinary Item			
Transfer of Capital Assets	0	(128,357)	(128,357)
Increase (Decrease) in Net Position	\$ 0	(130,396)	\$ (130,396)
Net Position, Beginning of Year		133,463	
Net Position, End of Year		\$ 3,067	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Public Defender		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 77,205	\$ 77,205	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	9,382	7,260	2,122
Employee Benefits	3,471	3,444	27
Office Expenses	300	194	106
Education and Training	500	0	500
Operating Expenses	50,000	4,249	45,751
Operating Contracts	5,000	0	5,000
Communications	600	916	(316)
Insurance	453	465	(12)
Professional Services	0	0	0
Maintenance Facility	1,336	1,280	56
Depreciation Expense	0	0	0
Total Direct Operating Expenses	71,042	17,808	53,234
Total Indirect Operating Expenses	6,163	6,075	88
Total Operating Expenses	77,205	23,883	53,322
Operating Income (Loss)	0	53,322	53,322
Non-Operating Revenues (Expenses)			
Interest Income	50	240	190
Bank Charges	(50)	(208)	(158)
Transfer of Operating Reserves	0	(53,354)	(53,354)
Net Non-Operating Revenues (Expenses)	0	(53,322)	(53,322)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Senior Centers		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 116,952	\$ 116,952	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	53,169	49,049	4,120
Employee Benefits	19,672	19,219	453
Office Expenses	450	17	433
Education and Training	750	0	750
Operating Expenses	22,800	30,905	(8,105)
Operating Contracts	6,505	6,652	(147)
Communications	1,560	644	916
Insurance	610	621	(11)
Professional Services	75	0	75
Maintenance Facility	2,024	1,940	84
Depreciation Expense	0	0	0
Total Direct Operating Expenses	107,615	109,047	(1,432)
Total Indirect Operating Expenses	9,337	9,365	(28)
Total Operating Expenses	116,952	118,412	(1,460)
Operating Income (Loss)	0	(1,460)	(1,460)
Non-Operating Revenues (Expenses)			
Interest Income	145	133	(12)
Bank Charges	(145)	(118)	27
Transfer of Operating Reserves	0	1,445	1,445
Net Non-Operating Revenues (Expenses)	0	1,460	1,460
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Young Williams Aminmal Welfare Center		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 88,569	\$ 88,569	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	17,182	11,475	5,707
Employee Benefits	6,357	6,192	165
Office Expenses	300	35	265
Education and Training	0	0	0
Operating Expenses	50,000	22,809	27,191
Operating Contracts	5,000	0	5,000
Communications	600	129	471
Insurance	527	543	(16)
Professional Services	0	0	0
Maintenance Facility	1,533	1,474	59
Depreciation Expense	0	0	0
Total Direct Operating Expenses	81,499	42,657	38,842
Total Indirect Operating Expenses	7,070	6,938	132
Total Operating Expenses	88,569	49,595	38,974
Operating Income (Loss)	0	38,974	38,974
Non-Operating Revenues (Expenses)			
Interest Income	50	193	143
Bank Charges	(50)	(168)	(118)
Transfer of Operating Reserves	0	(38,999)	(38,999)
Net Non-Operating Revenues (Expenses)	0	(38,974)	(38,974)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)**

For the Year Ended June 30, 2017

	City County Building		Variance Positive (Negative)
	Budget	Actual	
Operating Revenues			
Rental Income from City and County	\$ 4,328,993	\$ 4,328,993	\$ 0
Parking Revenues	59,487	63,682	4,195
Total Operating Revenues	4,388,480	4,392,675	4,195
Operating Expenses			
Direct:			
Salaries and Wages	949,890	947,098	2,792
Employee Benefits	351,459	346,597	4,862
Office Expenses	25,250	22,868	2,382
Education and Training	11,500	527	10,973
Operating Expenses	376,600	330,956	45,644
Operating Contracts	618,022	602,536	15,486
Utilities	1,488,413	1,532,140	(43,727)
Communications	19,000	14,952	4,048
Insurance	166,012	170,935	(4,923)
Professional Services	2,500	94	2,406
Maintenance Facility	25,389	24,401	988
Capital Purchases	700,000	257,794	442,206
Depreciation Expense	0	559,450	(559,450)
Total Direct Operating Expenses	4,734,035	4,810,348	(76,313)
Total Indirect Operating Expenses	354,445	351,164	3,281
Total Operating Expenses	5,088,480	5,161,512	(73,032)
Operating Income (Loss)	(700,000)	(768,837)	(68,837)
Non-Operating Revenues (Expenses)			
Interest Income	8,000	12,961	4,961
Bank Charges	(8,000)	(11,788)	(3,788)
Net Non-Operating Revenues (Expenses)	0	1,173	1,173
Increase (Decrease) in Net Position Before Capital Contributions	(700,000)	(767,664)	(67,664)
Capital Contributions			
Capital Asset Replacement Reserve Contributions from City and County	700,000	700,000	0
Increase (Decrease) in Net Position	\$ 0	(67,664)	\$ (67,664)
Net Position, Beginning of Year		6,414,203	
Net Position, End of Year		\$ 6,346,539	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Emergency Communications District		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from Other Governmental Agencies	\$ 106,855	\$ 106,855	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	30,902	30,308	594
Employee Benefits	11,433	11,294	139
Office Expenses	100	48	52
Education and Training	500	0	500
Operating Expenses	24,000	23,704	296
Operating Contracts	29,326	28,176	1,150
Communications	525	607	(82)
Insurance	570	595	(25)
Professional Services	250	0	250
Maintenance Facility	618	595	23
Depreciation Expense	0	0	0
Total Direct Operating Expenses	98,224	95,327	2,897
Total Indirect Operating Expenses	8,631	8,553	78
Total Operating Expenses	106,855	103,880	2,975
Operating Income (Loss)	0	2,975	2,975
Non-Operating Revenues (Expenses)			
Interest Income	125	102	(23)
Bank Charges	(125)	(89)	36
Transfer of Operating Reserves	0	(2,988)	(2,988)
Net Non-Operating Revenues (Expenses)	0	(2,975)	(2,975)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		9,500	
Net Position, End of Year		\$ 9,500	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Fairview Technology Center		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from Other Governmental Agencies	\$ 48,840	\$ 48,840	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	18,630	18,238	392
Employee Benefits	6,893	6,823	70
Office Expenses	235	5	230
Education and Training	0	0	0
Operating Expenses	11,470	6,762	4,708
Operating Contracts	4,007	3,782	225
Communications	3,065	2,422	643
Insurance	262	259	3
Professional Services	50	0	50
Maintenance Facility	283	272	11
Depreciation Expense	0	0	0
Total Direct Operating Expenses	44,895	38,563	6,332
Total Indirect Operating Expenses	3,945	3,970	(25)
Total Operating Expenses	48,840	42,533	6,307
Operating Income (Loss)	0	6,307	6,307
Non-Operating Revenues (Expenses)			
Interest Income	70	85	15
Bank Charges	(70)	(74)	(4)
Transfer of Operating Reserves	0	(6,318)	(6,318)
Net Non-Operating Revenues (Expenses)	0	(6,307)	(6,307)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		4,610	
Net Position, End of Year		\$ 4,610	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2017**

	Property Development		Variance
	Budget	Actual	Positive (Negative)
Operating Revenues			
Management Fees from City and County	\$ 566,915	\$ 566,915	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	289,104	288,654	450
Employee Benefits	106,968	105,640	1,328
Office Expenses	25,000	10,864	14,136
Education and Training	15,000	314	14,686
Operating Expenses	5,000	1,700	3,300
Operating Contracts		0	0
Communications	5,000	3,760	1,240
Insurance	1,357	1,397	(40)
Professional Services	25,000	7,915	17,085
Depreciation Expense	0	0	0
Total Direct Operating Expenses	472,429	420,244	52,185
Total Indirect Operating Expenses	94,486	93,483	1,003
Total Operating Expenses	566,915	513,727	53,188
Operating Income (Loss)	0	53,188	53,188
Non-Operating Revenues (Expenses)			
Interest Income	500	433	(67)
Bank Charges	(500)	(378)	122
Transfer of Operating Reserves	0	(53,243)	(53,243)
Net Non-Operating Revenues (Expenses)	0	(53,188)	(53,188)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)**
For the Year Ended June 30, 2017

	Telecommunications Services		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from City and County	\$ 536,001	536,001	\$ 0
Management Fees Related to KCS	115,965	115,965	0
Total Operating Revenues	651,966	651,966	0
Direct Operating Expenses			
Telecom			
Salaries and Wages	307,626	317,886	(10,260)
Employee Benefits	113,554	112,713	841
Office Expenses	11,500	10,001	1,499
Education and Training	2,400	0	2,400
Operating Expenses	6,800	7,587	(787)
Operating Contracts	5,000	2,500	2,500
Communications	7,700	8,786	(1,086)
Insurance	9,508	9,800	(292)
Professional Services	2,000	0	2,000
Capital Purchases	0	24,159	(24,159)
Depreciation Expense	0	117,581	(117,581)
Telecom Operating Expenses	466,088	611,013	(144,925)
Knox County Schools			
Salaries and Wages	69,822	62,370	7,452
Employee Benefits	25,834	25,704	130
Office Expenses	1,500	371	1,129
Education and Training	600	0	600
Operating Expenses	1,200	519	681
Communications	1,000	1,005	(5)
Insurance	383	388	(5)
Professional Services	500	0	500
Schools Operating Expenses	100,839	90,357	10,482
Total Direct Operating Expenses	566,927	701,370	(134,443)
Total Indirect Operating Expenses	85,039	84,273	766
Total Operating Expenses	651,966	785,643	(133,677)
Operating Income (Loss)	0	(133,677)	(133,677)
Non-Operating Revenues (Expenses)			
Interest Income	930	1,289	359
Bank Charges	(930)	(1,144)	(214)
Transfer of Operating Reserves	0	(8,208)	(8,208)
Net Non-Operating Revenues (Expenses)	0	(8,063)	(8,063)
Increase (Decrease) in Net Position Before Capital Contributions	0	(141,740)	(141,740)
Capital Contributions			
Capital Asset Replacement Reserve Contributions from City and County	0	150,000	150,000
Increase (Decrease) in Net Position	\$ 0	8,260	\$ 8,260
Net Position, Beginning of Year		301,740	
Net Position, End of Year		\$ 310,000	

STATISTICAL SECTION

This part of PBA's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about PBA's overall financial health.

Contents

Pages

Financial Trends

These schedules contain trend information to help the reader understand how the PBA's financial performance and well-being have changed over time. 59-60

Revenue Capacity

These schedules contain information to help the reader assess the PBA's operating revenues and customer statistics. As a joint venture between the City of Knoxville and Knox County, the PBA's revenues are materially earned from revenue derived from rental income, management fees, net parking revenues, and miscellaneous charges. Rental income and management fees are annually negotiated with the City and County and approved by the City Council and the County Commission. 61-64

Debt Capacity

The PBA is a joint venture between the City of Knoxville and Knox County; the PBA has no taxing authority. Debt for capital projects managed for the City and the County are funded by debt issued by these two government entities. Information on the City's and County's debt capacity is contained in their individual CAFRs. N/A

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which PBA's financial activities take place approved by the City Council and the County Commission. 65-66

Operating Information

This schedule contains service data to help the reader understand how the information in the PBA's financial report relates to services provided and the activities performed. 67

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**NET POSITION BY COMPONENT
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Investment in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>
2008	6,126,970	4,457,421	10,584,391
2009	7,065,819	3,955,855	11,021,674
2010	7,292,398	3,390,254	10,682,652
2011	7,451,392	3,571,882	11,023,274
2012	8,160,543	3,198,172	11,358,715
2013	8,832,369	3,256,753	12,089,122
2014	9,257,296	2,605,776	11,863,072
2015	7,975,147	3,269,503	11,244,650
2016	7,987,860	3,238,721	11,226,581
2017	5,442,665	3,556,461	8,999,126

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**
CHANGES IN NET POSITION
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues										
Rental Income from City and County	\$ 4,328,993	\$ 4,327,759	\$ 4,215,037	\$ 4,101,739	4,013,581	\$ 3,912,814	3,999,608	\$ 3,887,410	\$ 3,623,121	\$ 3,454,701
Other Rental Income - Net	229,219	252,697	241,439	225,648	232,474	208,204	196,173	130,853	192,461	214,103
Management Fees from City and County	7,697,552	7,177,821	6,596,204	6,770,676	5,915,239	5,652,775	5,776,189	5,833,766	6,380,409	9,536,951
Management Fees from Other										
Governmental Agencies	312,006	313,766	305,775	163,956	189,380	161,299	153,846	179,713	191,633	176,338
Parking Revenues	3,795,842	3,083,416	2,922,562	2,986,198	2,721,805	2,848,822	2,816,686	2,832,092	2,982,014	2,836,172
Total Operating Revenues	16,363,612	15,155,459	14,281,017	14,248,217	13,072,479	12,783,914	12,942,502	12,863,834	13,369,638	16,218,265
Operating Expenses										
Salaries and Benefits	7,728,965	6,476,717	6,593,584	6,005,836	5,569,032	5,489,707	5,625,169	5,896,222	6,450,488	6,272,267
Office	141,114	146,403	105,780	120,030	105,534	93,329	72,415	89,703	118,120	143,731
Education and Training	6,306	13,360	21,507	17,241	8,723	6,703	10,335	6,806	12,437	11,121
Purchased Services and Supplies	1,540,417	1,577,232	1,287,942	1,151,072	1,157,287	1,055,814	1,049,751	988,458	978,689	1,030,931
Operating Contracts	2,057,739	1,905,427	1,695,954	1,675,598	1,608,672	1,586,372	1,448,345	1,382,944	1,463,449	1,895,038
Utilities	2,232,055	2,134,130	2,007,525	2,100,368	2,050,996	1,879,794	2,059,794	1,844,483	2,010,877	3,905,696
Communications	148,030	111,963	88,539	82,609	95,780	72,458	67,270	60,503	59,126	68,443
Insurance	310,951	309,888	308,154	298,444	269,125	236,013	228,725	224,990	229,141	235,118
Professional Fees	69,992	251,921	91,862	58,113	48,926	59,226	77,905	110,701	56,743	90,815
Depreciation	727,718	1,117,721	2,152,372	950,153	981,701	906,441	803,661	722,568	643,194	582,954
Maintenance Facility	129,310	106,568	86,222	86,008	81,728	76,560	73,593	72,643	60,301	51,173
Other	622,371	411,929	336,426	309,728	103,652	143,840	41,678	243,499	178,120	78,375
Total Operating Expenses	15,714,968	14,563,259	14,775,867	12,855,200	12,081,156	11,606,257	11,558,641	11,643,520	12,260,685	14,365,662
Operating Income (Loss)	648,644	592,200	(494,850)	1,393,017	991,323	1,177,657	1,383,861	1,220,314	1,108,953	1,852,603
Non-Operating Revenues (Expenses)										
Interest Income	28,043	21,844	27,528	19,038	16,271	28,448	27,264	28,997	92,272	331,019
Gain (Loss) on Disposal of Capital Assets				(489,579)	0	0	0	0	0	0
Bank Charges	(89,499)	(62,065)	(59,585)	(17,373)	(12,232)	(8,224)	(8,210)	(7,706)	(7,286)	(7,669)
Impairment Gain - Insurance Settlement	0	0	0	0	1,039,555					
Interest Expense	0	0	0	0	0	0	0	0	0	0
Capital Returned to the City and County	(1,761,154)	(1,829,891)	(1,668,938)	(2,135,304)	(1,563,423)	(1,728,491)	(1,730,881)	(1,801,089)	(2,054,297)	(2,579,761)
Capital Returned to Other										
Governmental Agencies	(28,544)	(38,695)	(35,641)	(66,008)	(34,853)	(16,414)	(42,537)	(111,666)	(19,164)	(24,832)
Noncash:										
Capital Asset Retirements from the City and County	0	0	(19,674)	0	0	0	0	0	0	0
Total Non-Operating Revenues (Expenses) - Net	(1,851,154)	(1,908,807)	(1,756,310)	(2,689,226)	(554,682)	(1,724,681)	(1,754,364)	(1,891,464)	(1,988,475)	(2,281,243)
Increase (Decrease) in Net Position Before Capital Contributions and Extraordinary Item	(1,202,510)	(1,316,607)	(2,251,160)	(1,296,209)	436,641	(547,024)	(370,503)	(671,150)	(879,522)	(428,640)
Capital Contributions										
Capital Contributions from the City and County	1,150,000	1,298,538	1,632,738	548,501	815,424	882,465	711,125	332,128	1,312,158	848,128
Capital Contributions from Other										
Governmental Agencies	0	0	0	0	0	0	0	0	4,647	7,426
Noncash:										
Capital Asset Retirements from the City and County	0	0	0	0	0	0	0	0	0	0
Total Capital Contributions	1,150,000	1,298,538	1,632,738	548,501	815,424	882,465	711,125	332,128	1,316,805	855,554
Extraordinary Item	(2,174,945)	0	0	0	0	0	0	0	0	0
Increase (Decrease) in Net Position	(2,227,455)	(18,069)	(618,422)	(747,708)	1,252,065	335,441	340,622	(339,022)	437,283	426,914
Net Position, Beginning of Year	11,226,581	11,244,650	11,863,072	12,610,780	11,358,715	11,023,274	10,682,652	11,021,674	10,584,391	10,157,477
Net Position, End of Year	\$ 8,999,126	\$ 11,226,581	\$ 11,244,650	\$ 11,863,072	\$ 12,610,780	\$ 11,358,715	\$ 11,023,274	\$ 10,682,652	\$ 11,021,674	\$ 10,584,391

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**PROPERTIES MANAGED
Last Ten Fiscal Years**

Property	Space in Square Feet									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
County Owned										
Andrew Johnson Building	145,661	145,661	145,661	145,661	145,661	145,661	145,661	145,661	145,661	145,661
Beck Cultural Center	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fairview Technology Center	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Senior Centers (4)	38,940	38,940	33,738	33,738	33,738	33,738	33,738	33,738	33,738	27,500
Health Department (1 main facility, 3 community clinics, and air quality lab)	157,800	157,800	157,800	157,800	157,800	157,800	157,800	157,800	157,800	157,800
John Tarleton Homes	N/A	N/A	N/A	N/A	N/A	80,000	80,000	80,000	80,000	80,000
Juvenile Justice Center	104,209	104,209	104,209	104,209	104,209	104,209	104,209	104,209	104,209	104,209
Knox Central	171,000	171,000	171,000	171,000	171,000	171,000	171,000	171,000	171,000	171,000
Library System (1 main location, 1 history center, and 16 community branches)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	300,201	321,537
Old Court House	64,098	64,098	64,098	64,098	64,098	64,098	64,098	64,098	64,098	64,098
County Clerk Satellite Offices (5)	11,773	11,773	11,773	11,773						
Family Investment Center	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Forensic Center	19,435	19,435	19,435							
Public Defender's Office	23,405	23,405								
Young Williams Animal Center	21,308	21,308								
City Owned										
Volunteer Landing Park	16,331	16,331	16,331	16,331	16,331	16,331	16,331	16,331	16,331	5,170
World's Fair Park	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600
Downtown Cinema	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Public Works Complex	45,560									
Knoxville Station Transit Center	103,717	103,717	103,717	103,717	103,717	103,717	103,717			
Knoxville Area Transit - Magnolia Facility	35,000	35,000	35,000	35,000	35,000	35,000				
PBA Owned										
City County Building	531,634	531,634	531,634	531,634	531,634	531,634	531,634	531,634	531,634	531,634
Owned by Other Governmental Agencies										
Emergency Communications District	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Totals	<u>1,606,971</u>	<u>1,561,411</u>	<u>1,511,496</u>	<u>1,492,061</u>	<u>1,480,288</u>	<u>1,560,288</u>	<u>1,525,288</u>	<u>1,421,571</u>	<u>1,721,772</u>	<u>1,725,709</u>

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**PROPERTIES MANAGED (Continued)
Last Ten Fiscal Years**

Location	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
NUMBER OF PARKING SPACES										
County Owned										
Dwight Kessel Metropolitan Parking Garage	964	964	964	964	964	964	964	964	964	964
State Street Parking Lot	283	283	283	283	283	283	283	283	283	283
City Owned										
Hill Avenue Parking Lot	16	16	16	16	16	16				
Jackson Avenue Parking Lot	190	190	190	190	190	190	190	190	190	190
Locust Street Garage	645	645	645	645	645	645	645	645	645	645
Main Avenue Garage	475	475	475	475	475	475	475	475	475	475
Market Square Garage	677	677	677	677	677	700	700	700	700	700
Promenade Garage	262	277	277	277	277	277	277	277	277	277
State Street Garage	1,082	1,082	1,082	1,082	842	842	842	842	842	842
World's Fair Parking Lots	698	698	698	698	698	698	698	698	698	698
Tennessee Department of Transportation (TDOT)	469	469	469	469	469	469	469	0	0	0
Supreme Court Parking Lot	159	159								
PBA Owned										
City County Building Garage	850	850	850	850	850	850	850	850	850	850
Totals	6,770	6,785	6,626	6,626	6,386	6,409	6,393	5,924	5,924	5,924
PARKS										
City Owned										
World's Fair Park:										
Number of Acres	18	18	18	18	18	18	18	18	18	18
Volunteer Landing Park:										
Number of Acres	5	5	5	5	5	5	5	5	5	5
Second Creek Greenway:										
Number of Acres	9	9	9	9	9	9	9	9	9	0
Estimated Park Visitors Annually	262,945	699,608	706,236	671,988	678,733	689,518	648,530	610,955	446,885	200,000

Source: PBA Property Management Department.

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**CAPITAL PROJECTS COMPLETED
Last Five Fiscal Years**

<u>Projects</u>	<u>Managed Budget</u>
COUNTY PROJECTS	
ADA Remediation - Bearden Elementary	\$ 500,000
ADA Remediation - Maynard Elementary	1,000,000
Andrew Johnson Buidling Elevator Upgrade	275,000
Andrew Johnson Building Reroof - Phase I	400,000
Andrew Johnson Building Reroof - Phase II	350,000
Juvenile Court Building Expansion	3,958,298
Knox Central Generator	250,000
Knox Central Switchgear	400,000
Old Courthouse Windows	1,366,474
Young Williams Animal Center Renovations	88,575
County Subtotal	\$ 7,088,347
CITY PROJECTS	
Badgett Field Concession Bldg Reroof	50,000
Beardsley Farm Building	235,000
Convention Center Pedestrian Enhancements	2,818,658
Convention Center Roof - Storm Damage	1,318,000
Convention Center Warranty Repairs	711,000
Duff Field Reroof	6,100
Fire Station #5 Soffit and Fascia repairs	55,000
Fire Station #7 Interior Renovations and Concrete Bay	259,000
Fire Station #10 Soffit, Fascia, Concrete and Roof Repairs	137,681
Fire Station #12 Structural Investigation	4,750
Fire Station #12 Structural Repairs	562,710
Fire Station #15 Concrete Bay Room Replacement	85,000
Fire Station #16 Concrete Apron Work	35,000
Fire Station #20 Remodel	75,000
Fleet Services Storage Building Reroof	11,300
Krutch Park	56,000
Lakeshore Administration Building - Phase I	1,200,000
Lakeshore Administration Building - Phase II	2,100,000
Larry Cox Senior Center Remodel	350,000
Locust Street Garage Brick Repair	85,000
Lorraine Street Salt Sheds Reroof	60,000
Promenade Roof Removal	350,000
Promenade Walking Deck Improvements	350,000
Public Works Complex - Phases I and II	18,417,819
Mary Vestal Park Reroof	7,700
Safety Building Tenant Improvements	100,000
Solid Waste Transfer Station	25,000
Solid Waste Management Storm Water and Roof Additions	300,000
State Street Addition	7,100,000
State Street Garage Lower Addition	500,000
Transit Center Doors	70,500
Volunteer Landing Stair Repairs	146,640
Whittle Springs Golf Shed	25,000
World's Fair Park Master Plan	25,000
City Projects Subtotal	37,632,858
Total All Projects	\$ 44,721,205

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**TELECOMMUNICATION SERVICES
Last Ten Fiscal Years**

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
CITY AND COUNTY										
Total Extensions	8,313	8,305	8,299	8,243	8,280	8,280	8,367	8,156	8,544	7,790
Telephone Lines	822	811	805	804	360	360	360	360	489	489
Cellular Telephones	109	95	140	144	127	131	96	145	218	823
Pagers	33	33	33	33	34	50	72	106	160	312
Repair Work Orders	1,477	1,387	1,002	823	716	807	905	829	858	1,177
SCHOOLS										
Total Extensions	598	797	855	852	852	929	817	785	631	661
Telephone Lines	2041	2242	2,300	2,338	2,329	2,285	2,430	2,391	2,430	2,386
Repair Work Orders	662	614	591	627	562	644	594	728	578	575

Source: PBA Telecommunications Services Department.

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

Calendar Year	Population	Personal Income (Thousands of Dollars)	Per Capita Personal Income	Unemployment Rate	
				County	State
2007	416,352	15,201,428	34,180	3.4	4.7
2008	430,019	15,666,206	36,431	4.8	6.4
2009	435,725	15,371,687	35,278	8.0	10.5
2010	432,226	15,222,567	35,219	7.0	9.5
2011	436,104	16,961,829	38,894	6.9	9.2
2012	440,725	18,149,825	41,127	6.3	8
2013	441,311	18,466,333	41,533	5.6	7.9
2014	448,664	19,297,297	43,012	5.7	6.6
2015	451,324	20,241,530	44,849	4.8	5.6
2016	455,696	N/A	N/A	4.7	5.1

Notes: (a) N/A = Data not available.
(b) Only Knox County is presented.
(c) Population – U.S. Bureau of the Census.
(d) Income - Bureau of Economic Analysis, U.S. Department of Commerce.
(e) Unemployment Rates - Tennessee Department of Labor and Workforce Development.

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**PRINCIPAL EMPLOYERS
Current Calendar Year and Nine Years Ago**

Employer (a)	Industry	2016		2007	
		Number of Employees	% of Total Knox County Workforce	Number of Employees	% of Total Knox County Workforce
Covenant Health	Health Care	10,119	4.34	8,834	3.84 %
Knox County Schools	Education	8,146	3.49	8,150	3.55
The University of Tennessee	Government	6,646	2.85	8,429	3.67
University Health Systems	Health Care	5,144	2.2	3,579	1.56
Tennova Healthcare	Health Care	4,033	1.73	N/A	N/A
Mercy Health Partners	Health Care	N/A	N/A	5,904	2.57
K-VA-T Food Stores	Retail Grocery	3,545	1.52	3,480	1.51
Knox County	Government	3,169	1.36	2,623	1.14
The Kroger Co.	Retail Grocery	3,129	1.34	2,200	0.96
McDonald's Corp	Food Service	2,848	1.22	2,324	1.01
Jewelry Television	Home Shopping	N/A	N/A	2,218	0.97
Team Health Holdings	Health Services	2,523	1.08	N/A	N/A
Total		<u>49,302</u>	<u>21.13 %</u>	<u>47,741</u>	<u>20.77 %</u>

Notes: (a) Only Knox County is presented.

Source: Greater Knoxville Chamber Partnership

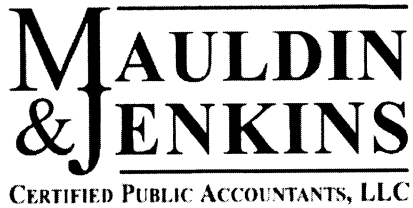
**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**NUMBER OF EMPLOYEES BY ACTIVITY
Last Ten Fiscal Years**

Department	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Facilities Management	65	67	44	41	41	40	38	38	47	40
Safety and Security	59	53	47	51	41	40	42	37	44	48
Property Development	5	4	4	6	4	4	4	5	5	8
Telecommunications/MIS/PBX	10	11	12	11	9	9	9	8	9	8
Administrative	8	7	9	9	9	8	9	9	12	14
Total	<u>147</u>	<u>142</u>	<u>116</u>	<u>118</u>	<u>104</u>	<u>101</u>	<u>102</u>	<u>97</u>	<u>117</u>	<u>118</u>

Source: PBA Payroll Department.

**INTERNAL CONTROL
AND
COMPLIANCE SECTION**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**Board of Directors of
The Public Building Authority of the County
of Knox and the City of Knoxville, Tennessee
Knoxville, Tennessee**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Public Building Authority of the County of Knox and the City of Knoxville, Tennessee (the "PBA") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the PBA's basic financial statements, and have issued our report thereon dated October 26, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PBA's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PBA's internal control. Accordingly, we do not express an opinion on the effectiveness of the PBA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PBA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Chattanooga, TN
October 26, 2017